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East Asia

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FBIS-EAS-96-154

Thursday

8 August 1996

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Daily Report

East Asia

FRIS-EAS-96-154

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Japan

Japan: Spokesman on U.S. Sanction Bill, Other Subjects

OW0708150296 (Internet) Japanese Ministry of Foreign Affairs WWW in English 7 Aug 96

[News conference by Takahisa Tsugawa, international press division deputy director, with unidentified reporters on 30 July; place not given; from the "What's New!" link]

[FBIS Transcribed Text] [Topics of discussion] I. The Morning Plenary Session of the G-7/P-8 Ministerial Conference in Paris on Terrorism II. Proposed embargo on Libya and Iran III. Japan's role in international cooperation on counterterrorism IV. Terrorist activity by the Aum Shinrikyo V. Technology and terrorist activity VI. Free movement of individuals across borders VII. Classification of terrorism types VIII. Legislative measures related to terrorism IX. Russian Federation concerns over terrorism

I. The Morning Plenary Session of the G-7/P-8 Ministerial Conference in Paris on Terrorism

Deputy Director of the International Press Division Takahisa Tsugawa: Good afternoon ladies and gentlemen. Welcome to the Ministry of Foreign Affairs press conference. I would like to brief you on the Morning Plenary Session between the foreign ministers and the ministers in charge of security. During the morning plenary session, after the initial statement by the French Chair, each delegation made a statement. The Plenary Session was held to make a general review and consideration of the specific features of the present problems related to terrorism and counterterrorism measures, including each country's domestic measures, as well as international cooperation in this area. As a general feature of this gathering — in regard to the main features of the present issues related to terrorism — the following points were taken up. The first is the emergence of the new force of terrorism, in addition to the more traditional or older type of terrorism. They especially focused on the features of terrorist activities related to regional conflicts, civil wars, or internal domestic perturbation. They also pointed out the globalization of the terrorist phenomenon. More concretely, among the new types of terrorist activities, there are such activities as those in which the ideological protest is not necessarily clear, so identifying objectives is rather difficult. Also, in the context of the international movement of persons, ideas, or information, the techniques of terrorist actions are diversified, as we see in such cases as the abuse of high technology, or the diversification of resource procurement. In this regard, specific questions, like the recent movements of the Islamic extremists, were taken up

by several delegations. But also, terrorism motivated by young militants is not only led by religious characters, but by charismatic ones in general. These movements as a whole show the fact that normal citizens are directly exposed to terrorist threats. The ministers insisted on formulation of early concrete practical measures within the G-7+1/P-8, as well as in the international community as a whole. The ministers insisted on the importance of this Ministerial Meeting, which was given its mandate by the agreement reached in Lyons between the heads of states and governments. But, they also insisted on the importance of putting forth specific, concrete and practical measures, and strengthening international cooperation — which would be beyond the framework of the P-8. Several delegations referred to strengthening their own domestic policies, and in general they insisted on the importance of improving the exchange of information on terrorist activities, arms trafficking, border control, and so on.

Minister for Foreign Affairs Yukihiko Ikeda and Chairman of the National Public Safety Commission Hiroyuki Kurata expressed Japan's views as follows. First, Foreign Minister Ikeda announced the hosting of a seminar on international counterterrorism cooperation in the Asia-Pacific region. Japan views international cooperation, which is beyond P-8 cooperation, as important, especially the involvement of developing countries. From this viewpoint, Foreign Minister Ikeda made it clear that Japan would like to hold a seminar of experts in Japan between autumn of this year and the next G-7 Summit in Denver. Experts will be invited from the relevant members of the P-8, and also from the countries of Asia and Latin America — countries facing terrorism issues. The concrete format of this seminar will be studied further. Chairman Kurata explained the actual situation surrounding the investigation of a series of crimes committed by the religious sect Aum Shinrikyo. His statement was as follows: "Japan has conducted a full-scale search since March 1995 last year. So far, more than 420 people have already been arrested. But, several suspects are still at large. Taking into account that many followers of this sect still declare spiritual support to the cult leader Asahara, the situation is not yet at the stage we can be optimistic." He pointed out the major features of these crimes. First, the fact that chemical materials which were originally used as weapons were used by the terrorist group. This fact shows the abuse of high technology in terrorist activities. Second, the fact that these crimes were committed by a religious sect — an organization which did not overtly engage in terrorist activities. These features made police investigations difficult. Also, he explained the measures taken by his office in response to these crimes. He reported that, as domestic measures, the National Police Agency

strengthened the Scientific Police Research Institute, the division in charge of chemical investigations.

In the National Police Agency, they established the Office for Special Investigations. Through these measures, they mean to strengthen the information gathering capacity of investigation authorities.

Secondly, in the field of international cooperation, they explained that they are intensifying information exchange with other relevant countries. Efforts are being made, especially toward sharing the lessons learned from the cases in Japan which are subject to spreading to other countries. From this point of view, the Japanese delegation made a concrete proposal at the Ottawa Ministerial Meeting in December last year — holding an expert meeting on countermeasures against biological and chemical terrorism. This expert meeting took place this year in Paris, France. The Chairman of the National Public Safety Commission finally reaffirmed the importance of international cooperation for global security. This is the main basic Japanese statement regarding this Plenary Session.

Afterwards, the foreign ministers and the ministers in charge of security broke up into separate meetings. However, I did not follow these separate meetings, nor was I debriefed. I will stop here.

That is the announcement that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Proposed embargo on Libya and Iran

Q: What is Japan's opinion about the United States' desire for an embargo on Iran and Libya that France opposes?

A: During the Plenary Session this subject was not taken up. I am not sure, in the separate meeting of foreign ministers, to what extent this subject will be addressed. Generally speaking, we are of the view that we should pay due attention to legislative developments in the United States, because such a measure may constitute extraterritorial application of a domestic law, which is impermissible under the relevant international law. We made our interests clear several times to the United States. According to such principles, our Foreign Minister may participate in such a discussion if such an issue is taken up. I would avoid making any comments on exactly how discussions will go among the ministers. If afterward I become aware of the content of the discussions, I will let you know. Let me point out that so far during the Plenary Session, thanks especially to the Chairmanship of the French ministers, the discussions were conducted in a very harmonious way.

III. Japan's role in international cooperation on counterterrorism

Q: Is there any area of expertise that Japan feels it can contribute to specifically in international cooperation against terrorism?

A: We would like to make a general contribution to the whole process of cooperation. As I mentioned before, we can make concrete contributions in the field of chemical terrorism which we experienced domestically.

IV. Terrorist activity by Aum Shinrikyo

Q: Concerning Japan's role in tracing the Aum Shinrikyo Sect, is that the sort of thing that will be discussed with Russia?

A: Several delegations mentioned the case of Aum Shinrikyo in relation to new features involving the use of chemical materials, not as chemical weapons but as a form of terrorism. My impression was that there is a rather widespread fear among the ministers.

Q: Do you think that Japan would like harmonized legislation to suppress the activities of Aum? I think Japanese legislation is very different in regard to arrests.

A: As far as chemical materials are concerned, there is already a general international legal framework on chemical weapons. So far, Japan is not in a position to make a proposal on a new legal framework.

V. Technology and terrorist activity

Q: Have there been any discussions today of the Internet, and dissemination of information via the Internet that can help terrorists, or give them ideas or information linked to terrorism?

A: In general, the transmission of information was one of the major features of such a new force of terrorism. In this context, reference was made to the Internet.

Q: Could you elaborate as to what discussion there was about that?

A: There were several very general statements, but no further discussion on any specific measures to control telecommunications or electronics.

Q: So, just a general concern and fear was expressed, but no measures have been proposed yet?

A: Yes, you will see that at the experts level, the final statement is being drafted.

VI. Free movement of individuals across borders

Q: What about security against terrorist movement?

A: In the context of the actual relation of free movements of persons, there are some concerns about civil aviation or public transportation that were announced.
Q: Were measures discussed on how to stop... [ellipses as received]

A: I will refrain from discussing any proposals. You will see them in the final declaration.

VII. Classification of terrorism types

Q: In Japan's view, is there a distinction between political terrorism and sect terrorism? Should these be handled in different ways?

A: No, we treat terrorism generally. We don't make any specific distinction between such sources of terrorism as you made reference to. In a general context, we have expressed our concerns about these new types of terrorism, and made concrete measures in response to new situations.

VIII. Legislative measures related to terrorism

Q: Are the measures more administrative than legislative?

A: There is much room for the Japanese legislation to be improved. But, this concerns the general legal framework of the national system.

Q: Would you like to see the G-7 bend towards more common legislation?

A: Our objectives are commonly shared, so certain harmonization should be sought.

IX. Russian Federation concerns over terrorism

Q: What do the Russian delegations say? Do they offer any new kind of cooperation? What do they have to offer or say?

A: As a member of the Japanese delegation, I would refrain from commenting on exactly what was said specifically by the Russian Federation delegation. The Russian Federation minister expressed general global concerns about terrorism and discussed some regional elements, especially their domestic concerns, and concerns in Europe, the Organization for Security and Cooperation in Europe (OSCE), and so on. In a general sense, the Russian Federation is in line with the other delegations in charge of the common targets of counterterrorist efforts. Thank you very much.

Japan: New Round of Air Cargo Talks With U.S. Set for 15-16 Aug

OW0808122696 Tokyo KYODO in English
1207 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Japan and the United States will hold working-level talks in Tokyo on Aug. 15 and 16 in a bid to break an impasse in bilateral air cargo negotiations, the Transport Ministry said Thursday.

The previous round of negotiations came to a rupture at the end of June.

Analysts said the two countries are on the verge of resorting to tit-for-tat retaliations over the issue.

Following the previous round of talks, Japan rejected a request by Federal Express Corp. of the U.S. for new flights to Asia, including Shanghai and Beijing, under "beyond rights" to freely open new routes and boost flight frequencies beyond Japan to third countries.

Washington in return launched sanctions proceedings against Japan Airlines' cargo flights to the U.S.

Negotiators from the two countries will make last-ditch efforts to break the stalemate at the coming Tokyo meeting as the U.S. sanctions proceedings are in the final stage, analysts said.

But they added that the meeting is expected to face rough going because the two sides remain wide apart over interpretation of beyond rights and other provisions in the 1952 bilateral aviation agreement.

Japan: Defense Industries Seek Equality in Joint Development

OW0808063496 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 6 Aug 96 Morning Edition p 11

[FBIS Translated Text] The "Japan-U.S. Defense Industries Forum" was set up because the Japanese and U.S. Governments and their private sectors recognize that in order to promote bilateral cooperation in the area of defense equipment and technologies, direct dialogue among companies actually involved in the task is a prerequisite.

The strengthening of cooperative ties between Japan and the United States in the area of defense equipment and technologies has emerged as an important pillar in the process of reconfirming the bilateral security arrangement through such efforts as the Japanese Government's decision on the new National Defense Program Outline and the joint declaration on the security arrangement announced during U.S. President Bill Clinton's visit to

Japan last April. Since late last year, the U.S. Government has approached the Defense Agency, the Ministry of International Trade and Industry, the Federation of Economic Organizations of Japan, and other organizations with a proposal to set up a channel for dialogue between the private sectors of the two countries.

Due to post-Cold War defense spending cuts, the United States is trying to promote joint development of defense equipment with its allies. Although it hopes to adopt inexpensive, yet high-quality Japanese commercial components, Japan's three principles banning the export of weapons and other existing legal barriers are making this impossible.

Japanese companies have been approached in the past to supply composite materials, liquid crystal displays, and other products for military purposes. However, they have had to turn down the U.S. requests. As a result, some U.S. companies are complaining that Japanese companies are unilaterally absorbing U.S. technologies. These companies are thus insisting that restrictions be placed on future licensing of U.S. technologies to Japanese companies.

Meanwhile, many Japanese companies are asking for joint development of defense equipment on equal terms with U.S. companies. After much squabbling, Japan agreed to bear the entire 327 billion yen required for developing Japan's next-generation support fighter F-2 (known as the FSX during the development stages), which became the product of the first joint Japanese-U.S. development project. This will cause a problem in carrying out such projects in the future.

"Development on equal terms" means cost-sharing by the United States and production in the United States. This is difficult under existing legal restrictions. The new forum can be expected to serve as a stage where Japan and the United States can frankly exchange views on what they are dissatisfied with and work out a "two-way cooperative relationship."

The prime prerequisite of the forum is to not turn it into a venue for individual commercial transactions. Between Japan and the United States, there looms in the not too far distant future the Theater Missile Defense (TMD) project, which will undoubtedly turn into a major controversy depending on how Japan involves itself with the project. The new forum must not be turned into another venue to bring in bilateral disputes like the private-sector talks over the semiconductor and automobile issues.

Japan: Chatan Assembly Passes Resolution Opposing Heliport

OW0708074996 Naha RYUKYU SHIMPO
in Japanese 6 Aug 96 Morning Edition p 7

[FBIS Translated Text] Chatan — The Chatan Municipal Assembly held an extraordinary session beginning at 10 a.m. local time (0100 GMT) on 6 August and unanimously adopted a resolution of protest and a statement "to express opposition to the relocation of a heliport to Kadena Air Base following the return of Putenma Air Station." The assembly acted in response to Kadena Air Base's being chosen as a possible site for a heliport to be constructed as a result of Putenma's return.

In its resolution and statement, the municipal assembly complains that it cannot tolerate the relocation of a helicopter contingent to Kadena Air Base, as it would only make the base more crowded and hazardous than it already is and bring more suffering to local residents.

The resolution and statement are addressed to the U.S. President, the U.S. defense secretary, the Japanese prime minister, the Japanese defense minister, the governor of Okinawa, and four other officials at relevant government agencies. After the closing of the assembly session, a representative of the assembly is to hand the resolution and statement to the director of the Okinawa Governor's Office and the speaker of the Okinawa prefectural assembly and make a formal request.

In addition, a "local residents' rally to oppose the relocation of a heliport from Putenma to Kadena Air Base" is to be held at the Kuwae Comprehensive Athletic Park in Chatan beginning at 1800 hours local time (0900 GMT) on 7 August.

Japan: DFAA Chief on Voluntary Acceptance of U.S. Firing Range

OW0808140996 Tokyo KYODO in English
0824 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — The government will not enforce the use of alternative sites to a U.S. military firing range in Okinawa Prefecture if residents near them oppose the move, the head of the Defense Facilities Administration Agency [DFAA] said Thursday.

Agency Director General Masuo Morodomi made the comment in a meeting with members of a delegation from the city of Fujiyoshida and two villages in Yamanashi Prefecture opposed to the nomination of nearby Kitafuji Range, which is operated by Japan's Ground Self-Defense Force (GSDF) in their prefecture, as one of five alternative sites on the mainland Japanese islands.

"The transfer will not take place if there is not understanding from the local people," agency officials quoted Morodomi as telling the delegation.

The officials said Morodomi referred to the government's previous attempts to build New Tokyo International Airport at Narita in Chiba Prefecture when riot police and farmers and their radical student supporters opposed to its construction fought pitched battles from the late 1960s to mid-1970s.

The government is not prepared to "shed blood" over the issue, the officials quoted him as saying.

The Okinawa firing range has long been the target of local criticism because firing practices are held over prefectural Highway 104, requiring a 3.7-kilometer stretch of the highway to be closed during the drills.

Japan and the United States agreed Aug. 1 on the alternatives for the range at Camp Hansen in central Okinawa.

The agreement, struck in a working-level meeting of the Japan-U.S. Joint Committee, calls for using the five sites in rotation.

The four other sites are the Yasubetsu Range in Hokkaido, the Ojohihara Range in Miyagi Prefecture, the Higashifuji Range in Shizuoka Prefecture and the Hijudai Range in Oita Prefecture, all of which are used by the GSDF.

About 75 percent of all Japanese land for U.S. military use is located in Okinawa Prefecture, southwestern Japan, which accounts for only 0.6 percent of Japan's total land area.

Japan: Former Officer on U.S. Navy in South China Sea

OW0808114196 Tokyo SEKAI NO KANSEN
in Japanese Aug 96 pp 78-81

[Article by Hiroshi Nagata, Retired Maritime Self-Defense Force Admiral, former MSDF Chief of Staff: "Presence of U.S. Navy the Keystone"; Subtitle in English: "Presence of the U.S. Navy in the South China Sea."]

[FBIS Translated Text]Where is Seventh Fleet?

The visit to the United States of Taiwanese President Lee Teng-hui in June 1995 suddenly strained relations among the United States, China, and Taiwan. From 21 to 26 July, China launched six ballistic missiles into the waters north of Taiwan, established a vast drilling zone in the South China Sea north of Taiwan between 15 and 25 August, and repeated drills to launch tactical missiles and live firing drills.

The United States severed diplomatic ties with Taiwan upon the restoration of relations with China in 1979. But it maintains practical relations under the Taiwan Relations Act, continuing economic and cultural ties as well as supplying weapons of a defensive nature. It also has expressed its intention of maintaining capability to stand up to any use of force or any other form of forcible act that threatens the security of the Taiwanese people or their social or economic system, clarifying its intention of dealing with any form of military action against Taiwan.

However, the United States only gathered data on missile launch drills and others with electronic data gathering aircraft at the time of the Chinese military drills and exercises but did not take any action demonstrating its presence, one of the peace-time duties of the navy. Nevertheless, Taiwan showed no clear sign of fears against the Chinese exercises. Aside from part of people concerned with defense, most Japanese, including politicians and the press, did not show them either. It can be said that they were totally indifferent.

Southeast Asian nations reacted most keenly to the American attitude. The ASIAN WALL STREET JOURNAL carried an editorial entitled "Where's the Seventh Fleet?" on 17 August. It severely attacked the American response as follows:

"As China is escalating a war of nerves against Taiwan, people in Asia are asking, like shrieking, if the Clinton Administration is thinking nothing of it. There has so far been no sign that it cares."

"China's first drill to launch missiles into the waters north of Taiwan forced hundreds of international flights and vessels to bypass the area. Waters 50 times as large as that area are now unilaterally designated as an off-limit area. This is equivalent to a partial blockade of Taiwan. The Clinton Administration seems to be thinking that the Chinese military demonstrations can be ignored. But if it continues to take that attitude, it could allow the People's Liberation Army of China to push ahead to a point that will eventually trigger a decisive showdown."

"The Seventh Fleet, which used to provide presence in preparation for conflicts in waters east and south of China, has not shown up anywhere since Taiwan was exposed to threats. There is no more appropriate time than now for America to demonstrate its naval power in the South China Sea. America has so far restrained itself for fear that its reaction would be taken as provocative reaction to something like a shadow-boxing exercise. Simply placing a U.S. aircraft carrier battle group a little bit behind the horizon will lead the staff officers

of the PLA to consider what it should do if full-scale opposition came."

"America and its allies have simply withdrawn and left the PLA to believe that the waters are their area with no problem. If they have a weak will in this stage, they would only invite even larger difficulties in the future."

Increasing Tensions in South China Sea

In the South China Sea, China has territorial problems with Southeast Asian nations over the Paracel Islands (called Xisha in Chinese) and the Spratly Islands (called Nansha in Chinese). These islands are almost useless rock formations and seem to have no value at all. But they are actually valuable because there is a sea lane connecting the Middle East, the world's largest oil-producing area, and Asia-Pacific near the islands.

There is also a high possibility of oil and natural gas resources in their exclusive economic zones.

China maintains that the Paracel and Spratly islands have long been recognized as Chinese territories and occupied Woody Island (Yongxing in Chinese), the largest of the Paracel Islands, in 1947. It later constructed a military airfield (with a 2,500-meter runway) on the island.

Vietnam claims that these islands became Vietnamese territory in 1802 and France treated them as part of its colony, but that France transferred the islands to Vietnam in 1949.

In the early 1950s, Vietnam stationed a small military unit on Pattle Island (Quanfu in Chinese). When Vietnam legislated a law incorporating the Spratly Islands into Phoc Tuy Province in 1973, China countered the move by occupying many of the Paracel Islands and again declared its ownership of the Paracel and Spratly islands in 1974. The two countries have since fought on some islands and waters over the Paracel Islands, and China won the battles.

In addition to the territorial dispute between China and Vietnam over the entire Spratly Islands, Malaysia, Taiwan, the Philippines, and Brunei also claim some of them, making the dispute more complicated.

In 1988, Chinese and Vietnamese naval ships exchanged fire. Vietnam lost three vessels, suffering nearly 100 casualties. But Vietnam is now said to have garrisons on about 20 of the Spratly Islands consisting of some 50 islands. Thus Vietnam effectively controls a far larger number of islands and reefs than China, which controls only several.

In February last year, the Philippine Government announced that China built a scaffold on the Mischief Reef, east of the Spratly Islands claimed by the Philip-

pine, and constructed concrete structures on it. The structures were built over several months from the second half of 1994 to the beginning of last year. China calls them shelters for fishing boats, but they are presumed to be military facilities. Countries which before the announcement saw the dispute over the Spratly Islands as an issue between China and Vietnam have since been increasing their wariness, thinking the issue has direct bearing on them.

Southeast Asian Measures to Retain U.S. Forces

Southeast Asian nations with these problems are trying to beef up their military power, especially naval and air forces, for fear of increased Chinese influence in areas with military vacuum in the wake of the U.S. Navy's withdrawal from Subic Bay in the Philippines. At the same time, they are stepping up measures to retain the U.S. troops in the region in order to curb as much as possible an increase in instability of the security environment to be brought about by a diminished presence of the U.S. forces.

Singapore signed an agreement with the United States on expanded use of facilities for repairs of ships and air force drills in October 1990, when the possibility of a U.S. pullout from the Philippines emerged. During a visit to Singapore by then President George Bush, the two countries reached accord on the transfer of the U.S. rear support troops from Subic Bay to Singapore within the framework of the agreement.

Thailand, Malaysia, and Indonesia offered bases and repair facilities for use by the U.S. forces and are trying to strengthen relations with the United States through joint drills with the country.

The United States naturally would not provide its military presence solely to maintain security in the South China Sea for Asian countries. The above U.S. moves are based on judgment made by giving top priority to its own interests. The United States offers military presence because Southeast Asian nations have recently been showing remarkable economic development.

The region, the world's most dynamic region, is expected to log economic growth of 5 to 10 percent annually for years to come, barring extraordinary incidents. The United States recognizes that maintaining security in the Asia-Pacific region has very significant bearing on its own development. Southeast Asian countries fully acknowledge the U.S. thinking.

In "Security Strategy in East Asia and the Pacific," announced in February 1995, the United States strongly urges for peaceful solution to territorial disputes in the South China Sea. It strongly opposes a military threat

or the use of military power by any country for its territorial claim. The report says the United States takes no position concerning legal adequacy of territorial claims and hopes to support peaceful solution of the territorial problems. Thus the country clearly shows its position on the territorial issues in the same context as the Taiwan Relations Act, which clarifies its rejection of any use of military power against Taiwan, declaring that the United States maintains military presence as a powerful country with no territorial ambition in order to provide the sense of security, not threat. It thus answered expectations of countries concerned, which seek maintenance of stable security in the South China Sea.

Nevertheless, the United States failed to show any reaction when Taiwan was under a military threat from China. On behalf of Southeast Asian nations that seriously feel Chinese pressure amid territorial disputes with that country, the above editorial of the *ASIAN WALL STREET JOURNAL* expressed the concern of these countries and sought the implementation by the United States of its security strategy.

Invoking U.S. Naval Presence

From last summer to the beginning of this year, China escalated exercises that assume fighting with Taiwan. It conducted "the largest exercise in history" in bringing these together from March 8 to 25 to coincide with the presidential election in Taiwan.

The first stage was a drill to launch surface-to-surface ballistic missiles into the northeastern and southwestern waters off Taiwan (off the major trading ports of Chilung and Kaohsiung, respectively). The missiles used were the Dongfeng 15s (called the M-9 in the West) with a range of 600 kilometers. They carry a single warhead (HE/nuclear, 90 kilotons) and use solid fuel and a mobile launch system with CEP of 300 meters. A total of four missiles were fired from near Yongan, Hainan Province—one into the waters northeast of Chilung on March 8, and two into the waters southwest of Kaohsiung on March 8 and one on March 13.

The second phase involved live firing drills by the navy and the air force in waters off southern Fujian Province. Four submarines, more than five destroyers and more than 300 fighters and bombers, including the state-of-the-art Su-27, took part in the drills. Probably the scenario of the drills envisaged the acquisition of air supremacy with aircraft and subsequent acquisition of naval supremacy.

The third phase was an integrated landing exercise by the three services. The program apparently called for

drills for landing and fighting after landing. But the weather condition was bad on the waters, and apparently only a small-scale preliminary drill was conducted around March 19 and the large-scale landing exercise as televised (probably file video) was not actually carried out.

When the series of drills is seen chronologically, it is clear that the scenario apparently called for an orthodox invasion procedure—attacks on important targets (for example, military facilities, airports, ports and power stations) with M-9 surface-to-surface ballistic missiles from an inland area of China in the first stage, then the buildup of an anti-air missile defense network along the coast and the acquisition of air supremacy using aircraft, followed by the acquisition of naval supremacy with aircraft and ships and finally attacks by bombers and landing of amphibious troops and paratroopers.

Southeast Asian countries, which showed harsh reaction to last year's exercises, acted calmly to the latest exercises that are larger in scale and assume actual invasion. This is because the United States responded differently.

Against the high-handed Chinese exercises, the United States dispatched a battle group with the Independence CV-62 at its core to the waters east of Taiwan and the Aegis cruiser Bunker Hill CG-52 to the waters southwest of Kaohsiung to beef up information gathering. At the same time, it ordered the nuclear-powered aircraft carrier Nimitz CVN-68 in the Persian Gulf to deploy to the south of Taiwan. The Nimitz left the Gulf and reached the designated waters March 23 (this means the carrier navigated at an average speed of some 24 knots as the distance from the Hormuz Straits to the waters south of Taiwan is about 5,000 sea miles).

Thus the United States responded very clearly and promptly to the latest Chinese exercises. Defense Secretary William Perry said that the United States decided to send aircraft carriers to deal with not only Taiwan's problem but also the larger problem of the security of the entire Asia-Pacific region.

Let me summarize an exclusive interview staff reporter Yoichi Funabashi of the *ASAHI SHIMBUN* had with Perry, carried by the evening edition of the newspaper on April 15: "The launch of missiles by China, in the name of military exercises, was done in order to convey its message that China has strong military power and is ready to use it. The message was intended not only to Taiwan but also to other countries in the region. We believe that it is decisively important for American national interests to maintain security and safety in the West Pacific. We decided to show not only the Chinese authorities but the People's Liberation Army as well

that we are prepared to use military power to that end. It would become ambiguous to say in words, but the dispatch of aircraft carriers should clearly tell them what we have to say. But we did not try to convey our message to China alone with the carrier dispatch. We wanted to have all the nations in the region to understand that America regards security and safety in the West Pacific as its national interests and that we have the military capability to protect them and will use it if need be."

By confirming its intention of maintaining military presence in Asia-Pacific, including the South China Sea, with the dispatch of aircraft carriers, the United States clearly demonstrated its active involvement in Asia.

Assistant Chief of General Staff Xiong Guangkai and other ranking officers of the People's Liberation Army toured Malaysia, the Philippines, Indonesia, New Zealand, and Australia to try to calm fears of Chinese threat arising in these countries in the wake of last year's military exercises. This indicates that China's People's Liberation Army has surely acknowledged the American message conveyed by the dispatch of aircraft carriers.

Thus the U.S. military presence undoubtedly continues to be the keystone of maintaining peace and security of the region.

Japan: New MITI Vice Minister Views Current Issues

OW0708142696 Tokyo KYODO in English
1329 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Tsutomu Makino, new vice minister at the Ministry of International Trade and Industry (MITI), vowed Wednesday to make efforts for structural reform of the domestic economy.

Makino, who replaced his predecessor Tomio Tsutsumi the same day, also said he will seek resolution of trade disputes based on rules under the World Trade Organization (WTO).

Japan is discussing market access in the Japanese photographic film and paper market with the United States under the WTO, following a U.S. complaint filed with the Geneva-based global trade body.

Japan filed a complaint with the WTO over Brazil's auto industry policy which offers tariff incentives to foreign automakers that produce vehicles in the country.

Makino, meanwhile, took on the task of establishing partnerships with Asian countries through the Asia-

Pacific economic cooperation (APEC) forum and other mechanisms.

Makino also argued for harmonizing economic growth, environmental protection and energy consumption.

He stressed the importance of nuclear power in Japan's energy mix despite public jitters highlighted by a local referendum Sunday.

Residents of Maki, a small coastal town facing the Sea of Japan, voted down a nuclear power plant project, dealing a heavy blow to the nation's power industry and energy authorities.

"Nuclear power plants are absolutely necessary," Makino said. "But it is also true that the public are concerned about them. We need to make efforts to win their understanding."

Japan: Article Notes Asian Countries Turning to 'Japan Passing'

OW0808031796 Tokyo EKONOMISUTO in Japanese
13-20 Aug 96 p 17

[Unattributed article entitled: "Ministry of Foreign Affairs — Asia Ignoring Japan, Turning to 'Japan Passing'"]

[FBIS Translated Text] Japan's Asian policy has arrived at a turning point.

Foreign Minister Yukihiko Ikeda attended the ASEAN Regional Forum (ARF) and the ASEAN Post-Ministerial Conference in late July in Jakarta, Indonesia. He had much to say at the conference, and he also held a number of separate meetings with individual ministers on the side. However, his presence there seems to have gone relatively unnoticed. A senior foreign ministry official displayed a dull expression, saying: "I wonder if our reputation is beginning to fall under."

The focal point of the recent conference was how to persuade India, which has refused to sign the Comprehensive Test Ban Treaty (CTBT), and Burma, which has clamped down on democratic forces in the country, to change their minds and adopt a more positive attitude. However, both countries completely ignored Japan's attempts to convince them, despite the latter's hinting at suspending Official Development Assistance (ODA) programs. Thus, Japan's hopes were "completely crushed" (according to a foreign ministry source). Apparently, Japan's tactic of using its momentary economic power to exercise influence over other countries' policies does not work any longer.

Moreover, the ARF, which has expanded to where it now boasts 21 countries and organizations in its membership, is expected to grow larger in the future. Additionally, the fact that more venues for direct dialogue between Asian and Western countries have emerged, such as the Asia-Pacific Economic Cooperation (APEC) forum and the Asia-Europe Meeting (ASEM), and that Japan is no longer being asked to serve as a "bridge between Asia and the West" is downgrading Japan's status in Asia.

Maybe the era of "Japan passing" has arrived in which Asian countries are now ignoring Japan politically as well as economically and are dealing directly with Western countries.

**Japan: Philippine Sailor Held for Dumping Oil
Granted Bail**

OW0508141696 Tokyo KYODO in English
1349 GMT 5 Aug 96

[FBIS Transcribed Text] Oita, Japan, Aug. 5 KYODO — A Philippine crew member of a Norwegian chemical tanker in custody for allegedly dumping waste oil into the sea became the first suspect Monday to be released on bail under a new system implemented with Japan's accession to an international sea law convention last month, Maritime Safety Agency officials said.

Second Mate Nobletto Oredina, 40, had been questioned by Maritime Safety authorities on suspicion of releasing 290 liters of waste oil into Oita Port on the southwestern main island of Kyushu, while the 6,521-ton Norugas Energy was anchored there.

Under the U.N. Convention on the Law of the Sea, which went into force for Japan on July 20, crew members held for allegedly violating the marine pollution prevention law within Japan's 200 nautical mile exclusive economic zone may be released on bail to allow them to quickly resume their journey.

Authorities set a date for further questioning or court proceedings and if the suspect fails to show up, the guarantor — usually the shipping agent — loses the bail money, which in Oredina's case was 1 million yen, the officials said.

Tokyo, Seoul Plan To Hold Talks on 200-Mile Zone
OW0708120896 Tokyo KYODO in English
1120 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Japan and South Korea will hold the first round of negotiations in Tokyo next Tuesday on demarcation of their respective 200-nautical mile exclusive economic zones, the Foreign Ministry announced Wednesday.

The talks follow an agreement between Prime Minister Ryutaro Hashimoto and South Korean President Kim Yong-sam reached in late June to hold such negotiations. They met on South Korea's resort island of Cheju.

In the upcoming talks, both sides will explain their basic positions on the drawing of national sea boundaries in accordance with the U.N. Convention on the Law of the Sea, ministry officials said.

Both Japan and South Korea ratified the U.N. convention earlier this year.

The opening of the negotiations could reignite a territorial dispute over a group of islets in the Sea of Japan, known in Japan as Takeshima and in South Korea as Tokto.

**Japan: Tokyo Weighs Fishery Pact With Taipei
Near Senkakus**

OW0708151596 Tokyo YOMIURI SHIMBUN
in Japanese 7 Aug 96 Morning Edition p 1

[FBIS Translated Text] According to a Japanese Foreign Ministry source, the Japanese Government decided on 6 August to study the possibility of concluding with Taiwan a nongovernmental fishery agreement. Opposition against Japan has arisen in Taiwan after a right-wing Japanese group built a lighthouse on one of Senkaku Islands last month. In view of this, the Japanese Government recognizes that it needs to give consideration to Taiwanese fishermen's operation in waters near Senkaku Islands.

Taiwan reacts angrily to the fact that Japan set the exclusive economic zone based on the Senkaku Islands after bringing the United Nations Convention on the Law of the Sea into effect on 20 July. In response, the Japanese Government sent Koji Nakamura, former deputy director general of the Fisheries Agency, to Taiwan on 3 August to hold informal talks on the possibility of nongovernmental negotiations with Taiwan. Japan has already decided to give priority to negotiations with China and the ROK about the new fishery accords, which have already opened in accordance with the effectuation of the United Nations Convention on the Law of the Sea. Japan will decide when to launch talks with Taiwan, while watching the progress in negotiations with China and the ROK.

**Japan: Foreign Ministry Denies Accord on Fishing
Near Taioyutai**

OW0808012196 Tokyo KYODO in English
0041 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — The Japanese Foreign Ministry has denied a Taiwanese

report that the two sides reached a basic agreement to allow fishing operations by Taiwan near disputed islands in the East China Sea, ministry sources said Thursday.

A Taiwanese radio report Wednesday said Japanese and Taiwanese fishery officials have basically agreed to sign an agreement to that effect.

The report quoted the Taiwanese Foreign Ministry as announcing that the agreement came during a meeting last Saturday in Taipei between Japanese and Taiwanese fishery officials.

Japan and Taiwan claim sovereignty over the uninhabited isles, called the Senkaku Islands in Japan and the Taoyutai islands in Taiwan. China also claims the territory as the Diaoyu Islands.

The waters around the islands, located between Taiwan and Japan's southernmost prefecture of Okinawa, are rich fishing grounds for bonito.

The Foreign Ministry did admit that Fisheries Agency officials met with the Taiwan side last Saturday and explained Japan's intention to set up an exclusive economic zone around the islands.

For its part, Taiwanese officials requested Japan to allow Taiwan to continue fishing operations in the waters, and the two sides agreed to further deepen their mutual understanding by comparing notes, the sources said.

According to the China division of the Foreign Ministry, no further agreement was reached.

Japan: Visit by Defense Official to PRC Previewed

*OW0808113996 Tokyo KYODO in English
1027 GMT 8 Aug 96*

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Vice Defense Minister Naoaki Murata will visit China on Aug. 20-23 for the first high-level contact between Japanese and Chinese defense officials in nine years, the Defense Agency announced Thursday.

Murata will likely meet National Defense Minister Gen. Chi Haotian and other senior Chinese defense officials, officials said.

He will be the highest Japanese defense official to visit China since then Defense Agency chief Yuko Kurihara did so in May 1987.

Contact between top defense officials of Japan and China has since been suspended, partly due to China's June 1989 military crackdown on pro-democracy demonstrators in Beijing's Tiananmen Square.

Murata will seek China's understanding of closer defense cooperation between Japan and the United States under their mutual security pact, the officials said.

Specifically, he will tell the Chinese defense officials that the review of Japan-U.S. defense guidelines will not change the basic framework of the bilateral security regime and the review will be conducted within the bounds of Japan's war-renouncing Constitution, the officials said.

Beijing has warned Tokyo not to pursue further military buildup and says the expansion of the scope of its military cooperation with Washington could raise concerns in other Asian countries.

In April, Japan and the U.S. agreed on closer defense cooperation under the bilateral security treaty, saying it serves not only the defense of Japan but also the stability of the entire Asia-Pacific region.

At the time, they agreed to review the current defense guidelines, established in 1978. The review is intended to map out measures to cope with emergencies in the Far East as well as a direct attack on Japan.

Murata will ask defense minister Chi to visit Japan at an early date to promote bilateral security dialogue and defense exchanges, according to the officials.

Japan: Hashimoto Says Economic Ties With Latin America 'Important'

*OW0708114196 Tokyo KYODO in English
1001 GMT 7 Aug 96*

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Prime Minister Ryutaro Hashimoto said Wednesday that engaging in "mutually complementary economic cooperation with dynamically developing Latin America is important for Japan."

Hashimoto noted that Latin America has promoted free and open economies and regional integration in the 1990s.

He made the comments during a 50-minute interview at his official residence with reporters from Mexico, Chile, Brazil and Peru — plus Spain, a Foreign Ministry official said.

The interview was given before Hashimoto leaves Aug. 20 for a nine-day tour to the four Latin American countries and Costa Rica.

Hashimoto told the journalists that his trip's main aim is to establish renewed partnership between Japan and Latin America, a region which is becoming the world's development center after East Asia.

Hashimoto voiced hope that his visit will help Japan step up its policy on the region, while fostering cooperation on global issues like food and the environment.

He also praised Latin America for having agreed on a regional nuclear weapons free zone and said Japan wants to cooperate with it to promote world peace and stability.

Costa Rican President Jose Maria Figueres has promised to gather some Central American leaders to his country when Hashimoto visits there Aug. 28 so that they can hold a forum.

Nicaraguan President Violeta Barrios de Chamorro and Honduran President Carlos Roberto Reina are likely to join the Costa Rican session, Hashimoto told the reporters.

Japan: Emergency Aid Awarded to Three Central American Nations

OW0808122196 Tokyo KYODO in English
1131 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Japan will give emergency aid to three Central American countries of Costa Rica, Nicaragua and El Salvador which were hit by a hurricane in late July, government officials said.

Japan will give financial aid of \$100,000 (about 10.8 million yen) and about 20 million yen worth of emergency goods such as tents to Costa Rica.

It will give \$50,000 (5.4 million yen) in financial aid and roughly 12 million yen worth of goods to Nicaragua, while it will give 6.8 million yen in emergency goods to El Salvador.

The hurricane that swept across the Central American region July 27-28 resulted in a large number of casualties, including 31 deaths and 30 missing in Costa Rica.

Japan: Nongovernment Ship Leaves With Relief Goods for North Korea

OW0808043396 Tokyo KYODO in English
0301 GMT 8 Aug 96

[FBIS Transcribed Text] Niigata, Aug. 8 KYODO — Sixty tons of rice and other relief goods for North Korean flood victims left Niigata in northern Japan on Thursday aboard a privately chartered vessel.

Peace boat, a citizens group promoting international exchange through boat trips, said they originally planned to organize a cruise to the communist country to mark the 51st anniversary of the end of World War II.

However, the decision to send food aid came after peace boat staff visiting North Korea in February witnessed the severity of the food shortage that followed last summer's massive flooding and the World Food

Program (WFP) asked for cooperation to alleviate the problem.

The shipment, which was realized with the support of youth organizations of agricultural cooperatives across the nation, and some 250 youngsters from Japan are scheduled to arrive in the North Korean east coast port of Wonsan on Friday.

Aside from rice, people donated sports equipment, musical instruments and other items for the flood victims.

The cruise participants will stay in North Korea for about 10 days to meet with World War II survivors and women who were forced into Japanese military brothels before and during the war.

On the anniversary of Japan's surrender in World War II on Aug. 15, the youngsters will exchange views with their North Korean peers on peace in Asia.

Japan: Hashimoto Offers Backing to A-Bomb Displays Overseas

OW0608064996 Tokyo KYODO in English
0639 GMT 6 Aug 96

[FBIS Transcribed Text] Hiroshima, Aug. 6 KYODO — Prime Minister Ryutaro Hashimoto offered government support Tuesday to a plan by Hiroshima and Nagasaki to send overseas a display on the World War II atomic bombings of the two western Japan cities, Hiroshima municipal officials said.

Hashimoto, who was in Hiroshima to attend a ceremony marking the 51st anniversary of the atomic bombing of the city, made the comment in a meeting with Hiroshima Gov. Yuzan Fujita and Mayor Takashi Hiraoka.

The officials quoted Hashimoto as saying such matters should be dealt with on a "case-by-case basis" but that even where the city and prefectural governments should give a leading support role, the central government "wants to consider what it can do to give even better support."

The proposal for the display grew from unsuccessful attempts last year by Hiroshima and Nagasaki cities to contribute to a display at the Smithsonian Institution in Washington.

Those attempts were followed by a joint display by the two cities at American University, also in Washington.

The experiences motivated officials from both cities to propose a more upscale display which will tour the United States later this year and France next February.

The proposal is for the permanent display to tour at least two different countries each year, but supporters from

the two cities have argued that the national government should share the cost of the plan.

Japan: First-Half Current Account Surplus Down 34.5 Percent

OW0808002096 Tokyo KYODO in English
0011 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Japan's current account surplus for the first half of 1996 dropped 34.5 percent from a year earlier to 3,611.9 billion yen, the Finance Ministry said Thursday.

In goods and services trade in the January-June period, the surplus plunged 68.8 percent to 1,167.4 billion yen, the ministry said in a preliminary report.

The surplus in merchandise trade declined 29.8 percent to 4,403.6 billion yen, while services trade left a deficit of 3,236.2 billion yen, compared with the 2,516.9 billion yen deficit a year before, it said.

The current account balance measures the flow of goods and services as well as investment income and other monetary transfers.

In June, Japan's current account surplus decreased 25.5 percent from the same month a year earlier to 672.0 billion yen, the ministry said.

Goods and services trade for the month posted a surplus of 363.2 billion yen, down 52.2 percent, it said.

Japan: Further on Decline in Current Account Surplus

OW0808031696 Tokyo KYODO in English
0234 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Japan's current account surplus for the first half of 1996 dropped 34.5 percent from a year earlier to 3,611.9 billion yen amid strong imports and a rise in spending abroad by Japanese tourists, the finance ministry said Thursday.

This marked the second-lowest surplus since 1985, from which comparable figures are available under the present statistics format. The smallest surplus was 2,313.9 billion yen scored in the second half of 1990.

Japan's current account surplus marked a fall for the sixth consecutive six-month period with the January-June half of 1996 figures.

In goods and services trade in the first half of the year, Japan posted a surplus of 1,167.4 billion yen, down 68.9 percent from a year earlier and the smallest surplus since 1985, the ministry said in a preliminary report.

This also represented a decline for the sixth successive half-year period.

A Finance Ministry official said, "Japan's current account surplus remains on a downtrend."

Imports have been outpacing exports in merchandise trade, while the deficit in the services trade has been on an upward trend due to an increase in the deficit in the tourism account, the official said.

The current account balance measures the flow of goods and services as well as investment income and other monetary transfers.

Japan's surplus in merchandise trade in the January-June period dropped 29.8 percent to 4,403.6 billion yen, the smallest surplus since 1985, and a decrease for the sixth consecutive half-year period, the ministry said.

Exports rose 9.0 percent to 21,029.3 billion yen, increasing for the fourth straight six-month period, while imports advanced 27.7 percent to 16,625.7 billion yen, rising for the fifth successive half-year period, it said.

Among export items, semiconductors and other electronic devices rose 18.3 percent and metal-processing equipment gained 26.1 percent.

Exports of automobiles, however, fell 2.0 percent and those of telecommunications equipment declined 19.0 percent.

Imports, meanwhile, surged 63.0 percent for office equipment and 67.1 percent for microchips and electronic devices.

The ratio of imported finished products to overall imports came to 59.7 percent, down slightly from a record high of 60.5 percent registered in the second half of 1995.

In services trade, Japan posted a deficit of 3,236.2 billion yen, up from the year-before deficit of 2,516.9 billion yen and marked the biggest red-ink figure since 1985, the ministry said.

The deficit in the tourism account totaled 1,680.5 billion yen, up from a deficit of 1,393.8 billion yen a year earlier, reflecting an increase in the number of Japanese traveling abroad, it said.

Tetsuro Sawano, economist at the Nikko Research Center, said Japan's current account surplus is expected to show a downward trend for the time being.

The pace of the decrease, however, may slow from this fall on a year-to-year basis, he said.

One of the biggest factors contributing to the decline in the surplus in the first half was a year-on-year increase

in the prices of imported goods resulting from the dollar's rebound against the yen, Sawano said.

The margin of the price increase, however, is narrowing as the ratio of the dollar's rise against the yen is lowering on a year-to-year basis, he said.

The dollar, which slipped below 80 yen in April 1995, recovered the 100 yen mark in the latter part of that year, and has been changing hands above that level since the beginning of 1996.

According to the Finance Ministry, Japan's current account surplus in June decreased 25.5 percent from the same month of the previous year to 672.0 billion yen, the ministry said.

Excluding the month of August 1995, Japan's monthly current account surplus has continued to fall since December 1994.

Goods and services for the month posted a surplus of 363.2 billion yen, down 52.2 percent and 19th consecutive month of decline, the ministry said.

In merchandise trade, Japan's surplus fell 17.5 percent to 953.0 billion yen, also decreasing for the 19th straight month, it said.

Services trade, meanwhile, left a deficit of 589.9 billion yen, compared with the year-earlier deficit of 394.5 billion yen, the ministry said. The latest figure marked the largest red-ink figure for the month of June, it said.

Japan: BOJ Governor Says Easy Money Policy Maintained

OW0708080996 Tokyo KYODO in English
0725 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Wednesday the central bank will maintain its easy monetary policy for a while to support the economic recovery.

Matsushita told a monthly press conference that the central bank will continue to closely monitor various economic indicators to judge the right time for a change in monetary policy.

"(The Japanese economy) is now in an important phase in which it must move on to a self-sustaining recovery," Matsushita said.

"Judging from overall factors, I believe the current monetary stance is adequate," he added.

On prices, Matsushita said there is no risk of inflation yet in the economy.

But he added that the bank will watch for developments that could undermine the foundation of self-sustainable economic growth.

Matsushita said he sees no particular factor behind the recent downtrend in the stock market.

He also downplayed the importance of U.S. economic factors in determining Japan's credit policy.

"The U.S. economic trend is not a factor that we should be emphasizing (in steering Japan's monetary policy)," Matsushita said.

Markets are closely watching whether the U.S. Federal Reserve will raise its key interest rate at its Aug. 20 policy-setting meeting as an important barometer for the Japanese central bank's credit policy.

Japan: BOJ Asks Banks To Improve Overseas Management

OW0708121796 Tokyo KYODO in English
1141 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — The Bank of Japan (BOJ) has instructed some major Japanese banks to improve their overseas operations for better risk and administrative management, BOJ Governor Yasuo Matsushita said Wednesday.

Matsushita, however, declined to identify the banks which were subject to the BOJ's management improvement instructions.

Matsushita told reporters that through its regular inspections conducted on the New York branches of major Japanese banks from late last year through this spring, the BOJ found some things which need to be improved.

As a result, the BOJ made "appropriate" instructions, he said.

Matsushita said the BOJ inspections focused on the New York branches' capability to cope with possible market risks as well as their administrative and internal management.

He avoided commenting on the details of the inspections, however, including the number and names of the banks which received the instructions.

BOJ inspections are being conducted based on contacts with individual banks and it is not appropriate to go into specifics about their outcome, Matsushita said.

The BOJ inspections followed the revelation last September of the cover-up by Daiwa Bank's New York branch of huge losses incurred by a Daiwa trader in unauthorized bond transactions.

Analysts said behind the loss scandal was Daiwa's failure to appropriately separate the New York branch's administrative division from the trading division.

Earlier in the day the *FINANCIAL TIMES* reported in its overseas edition the Japanese central bank is to order several leading banks to improve the quality of the management of their overseas branches following the discovery of serious shortcomings in the operations of their New York offices.

"The move follows an investigation by the central bank of the banks' New York branches and subsidiaries," the financial daily said, adding "it represents an attempt by the authorities to avert a repeat of the Daiwa Bank fiasco last year in which one of the largest Japanese banks lost more than 1.1 billion dollars in illegal bond-trading in the U.S., partly as a result of lax management."

The BOJ's investigation, conducted between last December and this spring, also uncovered weaknesses in the banks' management of securities, the paper said.

"Systems to prevent fraud in electronic transactions had been found to be inadequate," it said.

Japan: First Half of Year Sees 3.68 Trillion Yen Capital Inflow

OW0808043796 Tokyo KYODO in English
0314 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Japan saw a net 3.68 trillion yen worth of investment funds stream into the domestic securities market in the first half of 1996, the Finance Ministry said Thursday.

The figure represented the largest net securities investment-related capital inflow for any six-month period since 1980, said Toru Aizawa, director of the ministry's International Capital Division.

The previous record inflow on a six-month basis was a net 2.78 trillion yen posted in the first half of 1994, he said.

The figure for the latest six-month period signified a turnaround in the flow of net securities investment capital, as Japan has experienced an almost continual outflow of capital since 1980, with just a few exceptional years, he said.

He attributed the trend to record net purchases of 6.45 trillion yen in Japanese securities by foreign investors. The previous record was 5.18 trillion yen registered in the second half of 1991.

In breaking down the figure, foreign buyers snapped up a net 4.62 trillion yen worth of Japanese stocks, the second-largest figure since 1980. Their net Japanese bond purchases came to a record 1.83 trillion yen.

It remains unclear whether this net capital inflow will continue throughout this calendar year in view of the activities of foreign investors in July, who will likely turn out to be net sellers of Japanese securities for the month, Aizawa said.

In June alone, Japan posted a net 600 billion yen of securities investment funds flow into its market, as foreign investors' net purchases of Japanese stocks and bonds eclipsed Japanese investors' net purchases of foreign securities, the ministry said.

It attributed the net inflow chiefly to a net 609.8 billion yen worth of Japanese stock purchases and a net 413.0 billion yen of Japanese bond purchases — both by foreign investors.

Foreign investors appear to have been heartened at the continuation of a weaker yen — a favorable factor for Japanese corporate earnings.

Steady sales of Japan Tobacco Inc. shares that did not disrupt the stock market, contrary to initial fears the sale may sap the market of surplus liquidity, also encouraged foreign investors, Aizawa said.

He also ascribed the brisk purchase of Japanese bonds by foreign investors to a string of remarks by Japanese authorities that Japan will maintain its easy monetary policy.

These verbal assurances have apparently dispelled earlier jitters of a possible official discount rate hike, he said.

Meanwhile, Japanese investors purchased a net 160.4 billion yen worth of foreign stocks and a net 262.4 billion yen worth of foreign bonds in the reporting month, the ministry said.

The official noted, however, the foreign bond purchase figure represented a plunge from the preceding month's net purchase total of 970.7 billion yen.

He blamed the plunge on persistent concerns among Japanese investors of a possible U.S. interest rate rise prior to a meeting of the federal open market committee slated to convene on Aug. 20, where U.S. financial regulators will discuss the appropriate course of U.S. interest rates.

A U.S. discount rate hike might pour cold water on the treasury securities market by pushing down treasury prices and hiking the coupon rates of new issues of securities.

Japanese investors purchased a net 323.8 billion yen worth of treasury and other U.S. bonds in June, off from the previous month's 342.0 billion yen.

Japan: Nikkeiren Unveils Plan for Economic Structural Reform

OW0808031896 Tokyo KYODO in English
0249 GMT 8 Aug 96

[FBIS Transcribed Text] Fuji Yoshida, Japan, Aug. 8 KYODO — The Japan Federation of Employers Associations (Nikkeiren) proposed a grand plan Thursday to press ahead with structural reform of Japan's economy.

"The Japanese economy is undergoing structural adjustment," Nikkeiren President Jiro Nemoto said. "Japan cannot take a new step without remedying costly systems and the hollowing-out of industry."

Nemoto unveiled what is dubbed the "bluebird plan" when he addressed the opening of the business lobby group's three-day summer seminar at the foot of Mount Fuji.

The plan calls for stabilizing employment, improving living standards in real terms, restoring international competitiveness and establishing corporate ethics.

Employment is a serious problem in Europe, where the jobless rate in some countries stands above 10 percent, Nemoto said.

The United States, meanwhile, is facing a new social problem of widening income gaps, though the unemployment rate there has been declining, he said.

"Japan must find a third model for boosting real wages of workers without causing a serious employment problem," Nemoto said.

The seminar follows similar events held by the Federation of Economic Organizations (Keidanren), the Japan Association of Corporate Executives and the Japan Chamber of Commerce and Industry.

Chief Cabinet Secretary Seiroku Kajiyama is scheduled to join the seminar later in the day to deliver a speech.

Japan: SDP's Ito Urges Daring MOF Reform

OW0708000696 Tokyo EKONOMISUTO in Japanese
30 Jul 96 PP 74-77

[Interview with Shigeru Ito, chairman of the ruling parties' project team for reforming the Ministry of Finance, by EKONOMISUTO chief editor Nobuhiro Shuto; place and date not given]

[FBIS Translated Text] At Long Last Half Way Toward Our Goal

[Shuto] As I understand, the latest plan to reform the Finance Ministry seems to be in progress with monetary administration as its main target. Why is that?

[Ito] Reforms of the Ministry of Finance must be carried out in a daring manner and they must be "executed without fail." The Ministry of Finance, a symbol of Japan's financial system, is now in a shaky situation, after all. Despite this, the financial bureaucrats are clinging to the old authority. If political parties or private companies are confronted with such a shaky situation under severe criticism, everybody involved would think about how they should be soundly rebuilt or reformed. Because I have been with the Diet Committee on Finance for a long time, I know that no such willingness is seen from within, to my regret. So it should be carried out naturally in a daring manner under political initiative.

Another point is that such measures should be executed without fail. There have so far been various tentative proposals, including one of the Council for Administrative Reforms to restructure the Finance Ministry. They included some daring proposals. But the problem was that none of them have been put into practice. In order to put them into effect without fail, therefore, reforms should start first with the financial administration. When that work is done, the next step is to put the issues relating to the reforms of the Finance Ministry in order, excluding financial administration. I meant that such steps should be taken in a daring manner and without fail.

Such being the case, the first-stage of the work had been done and its report was submitted on 14 June. Now the second stage has begun. To summarize the whole project, I can say that we are half way to the pinnacle.

[Shuto] Medium-and-long-range plans inclusive, do you mean that reforms will be carried out with the main target, the Budget Bureau, in sight?

[Ito] Although we have not discussed nor come to the conclusion in regard to the Budget Bureau or the right to compile the budget, it is more than natural that changes will take place in the future in the way the budget is formulated. One of them, for example, is decentralization of authority. A full-scale discussion will be made on how to deal with the central government and local autonomies in matters related to taxes and financial sources of the autonomous bodies. A report on these matters is expected soon. Such old practices of the Budget Bureau jotting down and piling up figures by listening to requests for various subsidies from localities and demands from various circles to compile the budget will no longer exist. The central government's burdens will become lighter as a larger part of financial sources will be freed up for local governments to handle. Budget compilation by the Budget Bureau should be replaced by financial policies that it works out.

Although it remains to be decided which agency is going to have the right to compile the budget, I think that changes will take place in the way of thinking and first of all in the idea of the budget compilation.

[Shuto] Please tell me what have become of issues among the ruling parties' project team and between the team and the Finance Ministry since February and processes that have taken place in the meantime, including those under the surface.

[Ito] When our project team was launched, the prevailing atmosphere was that we have to carry out thorough reforms of the Finance Ministry in order to win the people's understanding about the jusen question; otherwise, we cannot vindicate ourselves.

As deliberations on the jusen question proceeded and the jusen measures were taken up by the House of Councilors after their passage through the House of Representatives, a certain big political party conspicuously lost its interest in its pursuit of reform plans. The Social Democratic Party (SDP) was criticized for not moving swiftly enough because its member serves the Finance Minister. Another coalition party was considered as small, but it was kind of liberal. But at the final stage, recognizing that the ruling parties as a whole are committed to the important task of reforms, I myself made finishing touches to the original plan by adding the four-point reinforcements.

[Shuto] What kinds of approaches did the Finance Ministry make? As I understand it, the Finance Ministry is known for making skillful prearrangements and approaches to politicians.

[Ito] I have reiterated that "the Finance Ministry bureaucrats cannot be helped unless they make ostensible efforts to reform themselves, as an old saying goes: A royal subject emerges when his country falls into confusion."

The project team's meetings are restricted principally to people with ties to the Finance Ministry. But they showed up frequently to talk with me. My constant remarks to them were that nobody would believe in their claim that they have made spiritual changes, as long as they are in the same building and with the same signboards and organizational structure, unless they make easily discernible changes. I told them my personal opinion that such bureaus as Banking, Securities and International Finance are unnecessary and that they should make up their minds to go as far as taking the signboards down. I even told them to change the structure of the Financial Inspection Department in the Minister's Secretarial Division. Their response to these ideas was negative. Thus the Finance Minister

turned down a lukewarm proposal for reforms worked out by the Ministry project team.

Self-Rating Is 70 Points

[Shuto] Since April, the idea coming from this process and standing in the forefront is to revise the Bank of Japan Law. It is said that the Finance Ministry turned the brunt of its attack to the BOJ in order to safeguard the ministerial interest. What was the truth?

[Ito] It may be true that there was such an atmosphere on the part of the project team. I can say that because the Finance Ministry has been playing the wife's and mother's role for the political party which has been on the government side for 50 years. (laughter) That ruling party has commanded the Finance Ministry at will to get the funds in the budget and do various things such as coming up with expediencies and squeezing funds out of the tight budget. It just happened two, three years ago that an administrative vice minister was dismissed on the grounds of unfaithfulness.

When I suggested an inspection tour of the BOJ, several people readily agreed that it was a very good idea. (laughter) That response convinced me. If financial policies need to be changed, then the Finance Ministry and the central bank are naturally important targets.

[Shuto] As the chairman of the project team, how do you rate the ruling parties' proposal?

[Ito] It may be close to 70 points. Is that too generous? I consider the final four-point reinforcements were good.

The first point is the time table that made the schedule and aims of reform plans distinctly clear. Next January when the Diet's next regular session convenes, two bills will be submitted, one calling for an amendment to the Law on the Establishment of the Ministry of Finance and its related laws and ordinances and another for a drastic amendment to the Bank of Japan Law. Such goals were made clear and in the half year that remains, work under the tightly knit schedule has to be done. For that purpose, an advisory committee under direct control of the prime minister, apart from the Finance Ministry's Financial System Research Committee, will be established. And this committee will come up with a report by the middle of October. There will be no summer vacation for the committee members. In my opinion, a chairman's proposal on the reform of financial administration and organizations should be submitted by early August.

Concerning the amendment to the Law on the Establishment of the Ministry of Finance, the ruling parties are

scheduled to come up with a new and concrete organizational image of financial administration in September. No summer vacation for them, too.

The second point is a considerably clear statement on the independence of financial inspection, which may be a very severe blow to the Finance Ministry.

The third point is about the way monetary and financial affairs should be. A detailed description on the separation between monetary and financial matters was added in. It was due to my understanding that the projected change in the system of monetary administration and the undecided issues on the organizational structure in the sector other than the monetary affairs are major problems that have yet to be settled.

The fourth point is the conclusion and a strong manifestation that reforms will be carried out by the initiative of politicians and the ruling parties.

The four points became clearer because of the last statement. Of course, I know very well that the people who are indignant over the jusen question and who favor daring reforms wish us to proceed speedily with our work and take more daring moves.

German-Style Reform Provides Good Reference

[Shuto] Among others, I think the most serious problem is the system of monetary inspection and supervision, which leaves the question of how to separate five bureaus and make them independent. Against this, Vice Minister Tadashi Ogawa retorts that it is important for a minister to oversee both financial and monetary affairs as it was customary.

[Ito] One concerns the independence of inspection and the other concerns the problem of monetary and financial affairs. There are two factors in relation to the independence of inspection, I think. One is to have an authority as a fair and independent umpire. An umpire cannot collude with players and heavy penalties should be levied on those who violate rules. Another factor is to have all information and data on permits, licenses, reports and inspections. Also it must be staffed by personnel who can handle them. Without the latter, when the office, declaring its absolute independence, moves from the rooftop of the Finance Ministry building to the basement with new signboards, it is nothing but solitude. The question is how to guarantee these two elements.

In the case of G-7 nations, each is doing it in its own way. In Germany, for instance, it is within the Ministry of the Exchequer for form's sake. But the Ministry itself is located in Bonn, while the supervisory organ is in Berlin. The chief of this supervisory organ is

appointed by the chancellor and not by the minister of the exchequer. By having a different person to appoint the head, the organ is assured of its independence and is able to completely control all the information and data after the permits and licenses are granted. Nobody can cancel the permit nor suspend the business without such data. In the case of France, there are four committees on monetary affairs and one of them is charged with inspection and supervision. Within the committee are independent teams headed by three or four men in charge and they make the judgment. In the case of the United States, it is a multiple system, because a sole organization cannot be assumed to do the right work. Comprehensive and multiple checks are done by the Federal Reserve Board, the Department of the Treasury, and state governments.

[Ito continues] In Japan's case, I think the German system would be a good example from among them.

The prerequisite for dealing with the problem of financial and monetary affairs is the strict reflection on the management of the macroeconomy inclusive of both the bubble and post-bubble economy periods. In short, big wounds were left in both the economy and society. In this connection, a major point of reflection to be made in relation to the past 10 years is how to establish and maintain the uniqueness and independence of the monetary policy.

Therefore, it is necessary to manage both financial and monetary policies by respecting the fact that both policies have their own unique logic and their own spheres.

Another prerequisite that I came to recognize while confronting the big task of reforms in financial structure and of reconstructing finances is that we now have to bid farewell to the era in which measures for boosting the economy and business are considered the role of financial authorities. Is not the basic principle of economy-boosting measures to enliven market mechanism based on the private sector? Did not most European countries change their way of thinking in that direction during the 80's and the 90's?

In that connection, I think that the main point is the how to keep the Bank of Japan [BOJ] independent.

[Shuto] In connection with the amendment to the Bank of Japan Law, please tell me in a concrete manner how you intend to change the BOJ and the objectives of a central bank.

[Ito] The present BOJ Law was said to be modeled after Nazi Germany's in 1942, with strong overtones of wartime legislation. In reality, however, the BOJ has

been managed in concert with normal practices of the G-7 nations, not in strict adherence to the law. A wholesale rewriting of the law is necessary.

An important thing is the bank's independence. As a central bank it is responsible for prices or currency value, and nobody can interfere with its policies. In return, it is responsible for its policies. It has to sum up exactly what it did during the bubble and post-bubble periods in its reflection as a central bank.

It must have its own independence in making policy judgments, and this is its responsibility. There must be a rule that it takes responsibility if its policies fail. Therefore, the policy committee that decides on policy cannot remain a sleeping board. There are major problems that have to be reformed, which involve the selection of personnel, its activities, and transparency for outsiders to be able to see what it is doing.

This is a time when a company can collapse overnight, as opposed to the past, when a deficit-riddled company could go on for half a year or a year before disintegrating. Therefore, I have another ambition to turn the revision of the BOJ Law into an opportunity for deliberations to put Japan a step ahead of the other G-7 nations in conscious awareness of future prospects during a period of great transition for domestic as well as the Asian monetary world.

One such example in East Asian economy is the existence of the typical least-developed countries and the least among less-developed countries as well as industrialized countries and newly industrialized economies. I believe that, within three, five, and 10 years respectively, their images will completely change. In anticipation of this, Japan's central bank and Japanese monetary circles should work out a great plan of the role it can play and the international contributions it can make.

Drastic Change in Image Is Needed

[Shuto] As the policy objective of the central bank, Bundesbank's sole purpose is stabilizing the value of the currency. The policy objectives of the central banks of Japan and the United States are multiple. In responding to a new era, I do not think that it is possible to concentrate on just one objective. What do you think of that?

[Ito] Basically speaking, it must mean stabilizing the currency and the monetary system. Stabilizing the currency is different from stabilizing prices. I cannot say exactly what stabilizing the monetary system means in the face of a period of great change both domestically and internationally.

The biggest problem is the relationship between the Finance Ministry and the BOJ, which could not be settled during the deliberations on the amendment around in 1965. I hope that there will be a satisfactory conclusion to that problem this time.

[Shuto] There is the issue of alternately appointing someone from the Finance Ministry and a BOJ veteran as the BOJ governor.

[Ito] The BOJ was once called the Vatican; at another time, it was called the court nobles. As Saburo Shiroyama wrote in his novel, it was once called "Nihonbashi Branch of the Finance Ministry." Since every country has its own characteristics, you cannot order it to imitate Alan Greenspan or Bundesbank. However, there must be suitably dynamic activity and themes carried out. I think it is necessary for the BOJ to do things that make its image completely different from that of the past.

[Shuto] You must make room for a private citizen to become the BOJ governor.

[Ito] Properly speaking, it would be good to have a man of comprehensive knowledge in the monetary world with views and spirit that befit a leader. Twenty years ago, when I was a freshman Diet member on the Committee on Finance, I used to visit the Federation of Bankers Associations of Japan to hear the views of its members. In those days I met men of spirit there. At any rate, I wish to have a man of strong spirit who can make the present BOJ governor the last man to be a veteran of the Finance Ministry bureaucracy.

Japan: Coalition To Draft MOF Reform Plan by End of Sep

OW0708034396 Tokyo KYODO in English
1141 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Japan's three ruling coalition parties agreed Wednesday to work out draft proposals for reorganizing the Ministry of Finance (MOF) by the end of next month, coalition sources said.

The accord came at a morning meeting of six secretaries general and other policy-makers of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

They also agreed to take the leadership in implementing the MOF reform with firm determination, with discussions to be made on the basis of a set of draft proposals presented Tuesday by Shigeru Ito, a senior SDP member who chairs a coalition task force on the reform, the sources said.

The three ruling coalition parties failed Tuesday to adopt a draft proposal due to opposition from the LDP, the biggest component of the three.

Ito's draft proposals include the creation of an independent financial watchdog, the sources said.

Ito, however, was forced to withdraw the proposals because LDP members opposed them, they said.

Behind the LDP's objection is the Finance Ministry's lobbying against moves to reduce its power, the sources said.

Moves toward restructuring the ministry were earlier gathering momentum among the three parties on the back of public anger over the ministry's plan to use 685 billion yen in taxpayers' money to help clean up bad loans at failed mortgage loan companies.

The ministry, however, has been lobbying LDP members to protect itself from a possible breakup, the sources said.

With general elections looming on the horizon, LDP members are also becoming reluctant to tackle such a difficult task as the ministry's organizational reform, they said.

According to the sources, Ito's draft proposals call for separating the inspection sector from the Finance Ministry to create a new independent watchdog for financial institutions.

Japan: Kubo Hopes for Early Coalition Accord on Finance Reform

OW0708041996 Tokyo KYODO in English
1256 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — Finance Minister Wataru Kubo said Wednesday he hopes the three ruling coalition parties will promptly forge an accord on the direction of reform of his ministry.

"It is very regrettable if true that coalition members have become reluctant to tackle the reform issue because of the Finance Ministry's lobbying," Kubo said at a news conference.

Kubo said he believes it impossible that senior officials at the ministry, which has to promote self-reform, should have conducted lobbying against such reform moves.

The ruling coalition cannot fulfill its responsibility if it fails to agree on the ministry's reform measures, Kubo said, adding that the governing parties have pledged to promote the ministry's reform under their leadership.

At a meeting Tuesday of a coalition task force on the ministry's reform, Shigeru Ito, a senior member of the Social Democratic Party (SDP) who chairs the panel, presented draft proposals to serve as a basis for debate on the issue.

Ito, however, withdrew them due to strong opposition from the Liberal Democratic Party (LDP), the biggest component of the coalition.

The proposals call for separating the inspection sector from the ministry to create a new independent watchdog for financial institutions, and consolidating three ministry bureaus on banking, securities and international finance into one.

Coalition sources said that behind the opposition from LDP members is the ministry's lobbying. The ministry is now struggling to protect itself from a possible breakup, they said.

Japan: Vice Minister Opposes Finance Ministry Breakup

OW0808114096 Tokyo KYODO in English
1050 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — Vice Finance Minister Tadashi Ogawa expressed opposition Thursday to the idea of breaking up the Finance Ministry to separate fiscal and monetary policy management.

"It is desirable for the same minister to take responsibility for both fiscal and monetary policy management," Ogawa said at a news conference.

The present system is helping Japan coordinate economic policies at meetings of the group of seven industrialized countries, he said.

The three ruling coalition parties agreed Wednesday [7 August] to work out a plan by the end of September to reform the ministry, based on draft proposals by Shigeru Ito, a senior Social Democratic Party member who heads a coalition task force on the issue.

His proposals include creating a new independent financial watchdog and reviewing the ministry's power to compile state budgets.

At a news conference Wednesday, Economic Planning Agency chief Shusei Tanaka, who is a member of New Party Sakigake, said it is necessary for fiscal and monetary policies to be managed separately.

Ito's draft proposals for the Finance Ministry's reform drew opposition from some members of the Liberal Democratic Party (LDP), the largest component in the coalition.

Coalition sources said senior ministry officials are lobbying LDP members to protect the ministry from a possible breakup, but Ogawa denied this at Thursday's press conference.

On the disposal of debts left by the now-defunct Japanese National Railways (JNR), meanwhile, Ogawa said full discussions are necessary to determine how public money should be used to cover the debts and how the public burden should be reduced to minimal levels.

The debts left by the JNR, which was privatized into several companies in 1987, total 27.6 trillion yen. Of that amount, as much as 20 trillion yen is estimated to remain even if real estate and other JNR-related assets are sold to help cover the debts.

By the end of fiscal 1997, which begins next April, the government plans to complete sales of JNR-related assets and set a final plan for the disposal of the debts.

Officials at the Transport Ministry, which is in charge of the JNR debt issue, said the ministry will present a draft disposal scheme in its fiscal 1997 budgetary appropriations request to be sent to the Finance Ministry by the end of August.

Japan: EPA Head Supports Draft Proposal on Finance Ministry Reform

OW0708053896 Tokyo KYODO in English
1355 GMT 7 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 7 KYODO — The head of the Economic Planning Agency expressed support Wednesday for the draft proposal for reforming the Finance Ministry presented Tuesday by the head of a coalition panel who is a senior member of the Social Democratic Party (SDP).

"It is a considerably bold proposal, and I respect the SDP for it," said the agency's director general, Shusei Tanaka, talking to reporters after a cabinet meeting.

The EPA head was referring to the proposal by Shigeru Ito who chairs the coalition task force on reorganizing the Finance Ministry.

"I myself cannot make compromises on the matter. New Party Sakigake should not let its initial determination waver," he said. Tanaka is a member of New Party Sakigake, which is part of the three-party coalition.

Ito's proposal was not adopted by the coalition parties Tuesday due to opposition from the Liberal Democratic Party (LDP), the biggest ruling party. The LDP, SDP and Sakigake form the coalition.

Tanaka noted it is vital for fiscal and financial administrative powers to be separated within the Finance Ministry.

The top economic planner also said he would like to see industrial deregulation and structural reform promoted as soon as possible.

"In light of the economy and hopes from the private sector, we need to see the government show genuine willingness to push forward with administrative reform," he said, noting the need to wipe out any possibility of the economic recovery from faltering.

He said he will begin to have doubts about the government's willingness if no steps are taken by the end of September.

Tanaka quoted Bank of Japan Governor Yasuo Matsushita as saying short- and long-term interest rates are generally stable.

He also quoted Matsushita as saying the dollar has begun to "weaken slightly" against the yen. The dollar, which was at the 110 yen level at the beginning of the month, is currently at the 107 yen level.

Japan: SDP Rejects LDP's Request To Join Mission to Okinawa

OW0708134596 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 7 Aug 96 Morning Edition p 2

[FBIS Translated Text] The Social Democratic Party (SDP) informed Secretary General Koichi Kato of the Liberal Democratic Party (LDP) on 6 August that it will not accept the LDP's request to join the planned visit to Okinawa by the secretaries general of the other ruling parties, beginning 23 August. At a conference of ruling party executives on 6 August, SDP Secretary General Kanju Sato said: "The visit by secretaries general of the three ruling parties prior to the Supreme Court's ruling (about the proxy signing suit), which will be given on 28 August, and the 8 September prefectural referendum, would have a strong political meaning. We should act in view of Okinawans' sentiments."

Talking with reporters on the same day, Yukio Hatoyama, New Party Sakigake secretary general, also took a cautious attitude toward this plan, and said, "If we visit there under such delicate circumstances, with the carrot of the development program, it may cause misunderstanding."

Japan: Shinshinto's Ozawa Replaces Top-Ranking Officials

OW0808103196 Tokyo KYODO in English
0833 GMT 8 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 8 KYODO — The head of the main opposition party Shinshinto (New Frontier Party) [NFP], Ichiro Ozawa, replaced the three top-ranking party officials Thursday in preparation for the next general election due before next summer.

Shinshinto leader Ichiro Ozawa named Takeo Nishioka, head of the party's Diet Affairs Committee, as secretary general in place of Takashi Yonezawa, party officials said.

Associate Secretary-General Takenori Kanzaki was named chairman of the General Council succeeding Kozo Watanabe, while shadow Economics Minister Takeshi Noda became head of the Policy Research Council, replacing Kazuo Aichi.

Ozawa's picking of members from three different political forces underlines his efforts to strike a balance between Shinshinto's rival camps.

With the selection of Kanzaki from the now-defunct Komeito, Ozawa also boosts Shinshinto's prospects of enlisting support from the powerful Buddhist lay organization Soka Gakkai, which used to be Komeito's major vote generator, political observers said.

The three former prime ministers and potential Ozawa rivals — Toshiki Kaifu, Tsutomu Hata and Morihiro Hosokawa — were invited to join the party's election headquarters to ensure a unified election strategy, the officials said.

Shadow Foreign Minister Kansei Nakano was named to take Nishioka's place at the helm of the Diet Affairs Committee.

The reshuffle aims at promoting the unity of the party, which was launched in December 1994 as a merger of nine opposition groups to wrest power from the coalition led by the Liberal Democratic Party (LDP).

In 1993, the then ruling LDP suffered a serious setback in the general election, which led to the formation of a coalition government.

But the LDP regained power in July 1994 after just one year in opposition in a surprise coalition with the Social Democratic Party and New Party Sakigake, an LDP splinter group.

Japan: Masakuni Murakami 'Another Key Supporter' for Hashimoto Cabinet

962B0130A Tokyo SEIKAI in Japanese Jul 96
pp 24-29

[Article by Hiroshi Oyama, political journalist: "Masakuni Murakami, 'Another Key Supporter' for Hashimoto Cabinet"]

[FBIS Translated Text] Along with strong-arm Seiroku Kajiyama, the chief cabinet secretary, Masakuni Murakami, Liberal Democratic Party [LDP] secretary general for the House of Councilors, has surfaced as a new powerful man supporting the Hashimoto cabinet behind the scenes. He is a strong-willed man who traces his lineage to the Murakami navy [a group of pirates who plied the Seto Inland Sea area during 14th to 16th centuries] and is known as the most hawkish in the party, but also is said to have a fat pipeline to other parties in so far as he labored hard on steering the Diet as chairman of the Diet Affairs Policy Committee.

Rough Sailing Ahead for 'Hashimoto Maru'

The sense of a political stymie has not been swept away at all. Three years ago, the apparently deadlocked one-party rule by the LDP collapsed and expectations for government swelled with the era of the coalition regime. After several trials and errors and change of administrations, an LDP-headed regime heralding full-scale rule has been reborn; however, the incomplete functioning of government continues. Can politics recoup its vitality after the transition period of political world reorganization? It is a quarter where talking about politics is not heard and where the ruling party is not unified at all. And, the expanding nonpolitical independent group....

Having started with the banner of "reform and creation," the Hashimoto cabinet has spent five months attempting to strengthen its political base on the one hand while clarifying its resolve to proceed in running a strong LDP-toned regime under Kantei [prime minister's official residence] leadership by installing Former Secretary General Seiroku Kajiyama as chief cabinet secretary, the linchpin of the cabinet.

The Hashimoto administration has weathered the regular session of the Diet with the inevitable full opposition of Shinshinto, cleared-up the Okinawa's Futenma Air Station problem with Clinton, and appears to have started heading for "full-scale rule" with an eye on the next general election.

At this point, however, the way ahead for the "Hashimoto Maru" will have rough sailing what with the past woman problems of Prime Minister Hashimoto, the money allegations against Secretary General Kato,

and in addition, the discord between party leadership and the Kantei.

"The Hashimoto administration is essentially a Kantei-led Kajiyama regime." Thus grumbled an officer of the Shinshinto. It may be a manifestation of the Shinshinto sense of wariness about the "strong-arm" of Kajiyama, but the sense of the presence of Chief Cabinet Secretary Kajiyama in the Hashimoto cabinet certainly is big.

Kajiyama was secretary general at the time when the LDP was defeated in the general election and dropped to being the opposition. He came to play the "villain" during the birth of the "non-LDP" Hosokawa regime. From "image strategy," he is not appropriate for chief cabinet secretary which can be called "the face" of the regime, but Prime Minister Hashimoto has more confidence in the real ability of Kajiyama for steering the Diet and the political situation and it is no exaggeration to say that he has entrusted the fate of the regime to him as the head clerk of the cabinet.

It is a double authority sharing of roles with Prime Minister Hashimoto who wants to devote himself to executing policy, but an officer of the former Obuchi Faction explains, "He must rely on the real ability of Kajiyama if he gives priority over all to the problem of housing loan companies (jusen) liquidation and preparing the general election system."

However, Kajiyama argued critically with Hashimoto leaders who gave the greatest priority to maintenance of the "LDP-Social Democratic Party (SDP)-Sakigake" coalition at the end of the Murayama administration and there has been continued discord with Hashimoto who has aimed at abdication from the regime. With this background, there has been a strong crisis awareness that if this continues, they cannot beat the Shinshinto in the next general election which will decide the rise or fall of political parties.

Circumstances have come to be different from then with the Hashimoto regime, but undoubtedly in the future, Kajiyama will work hard at running the regime which has strengthened its LDP "unique coloring" to head for their "earnest prayer" of recovering a majority in the general election in the future. Directly before joining the cabinet as chief cabinet secretary, however, Kajiyama even advocated a limited "national system" to magazines with a "conservative-conservative coalition" foremost in mind because of the hard-pressed economic situation.

Hashimoto-Kajiyama Line Not a Monolith

Looking at the recent trends in politics, a move is gathering strength which can also be called the beginning of a grope for a "conservative-conservative coalition" under the surface.

What the SDP fears most under such circumstances is a clever destruction of the tacitly understood matter between the ruling parties that "there will be no early dissolution of the House of Representatives" which the Hashimoto/Kajiyama Kantei have called a condition for "regime abdication." This feeling of wariness already has begun to bud with the expanding relative importance and centripetal force of Chief Cabinet Secretary Kajiyama within the LDP.

The SDP's insistence on important cabinet posts with Finance Minister Kubo joining the cabinet and bearing the title of deputy prime minister was because "A position was necessary that could counteract Chief Cabinet Secretary Kajiyama to prevent a derailment of the coalition regime." (attributed to a SDP officer)

Finance Minister Kubo originally was negative about a coalition with the LDP and since he has come to hold the "budget" as finance minister, his idea has been to produce a great SDP coloring in the regime. To do that, as opposed to expectations of the LDP that as the SDP finance minister he would become "a shield" to defend the Hashimoto regime from opposition party attacks, the finance minister's side has taken the position on the home loan problem that its focal point will be that "The SDP will not be muddled. The problems of responsibility when Prime Minister Hashimoto was finance minister are strictly problems of the prime minister himself."

Representative Masayoshi Takemura of Sakigake has also bared feelings of opposition to the Hashimoto/Kajiyama Kantei, saying that "We must not be buried in a coalition regime headed by the LDP. The next House of Representatives election is approaching and we must make clear our differences with the LDP."

Shusei Tanaka, director general of the Economic Planning Agency sent in by the Sakigake has continued to advocate firm maintenance of party identity within the regime for some time and is a person who even has been spoken of as "a man of principles." He also belonged to the New Liberal Club that was absorbed by the LDP and vanished and at one time publicly had declared without hesitation that he "would not vote for an LDP prime minister candidate."

Health and Welfare Minister Naoto Kan of Sakigake also exists as another anti-LDP ace. The discovery of HIV (human immunodeficiency virus) data which determined "AIDS [acquired immunodeficiency syndrome] scandal" was a victory of "public disclosure of information" which Health and Welfare Minister Kan scrupulously promoted. There was great applause by the people for Health and Welfare Minister Kan who broke down the wall of secrecy which had wrapped the Ministry of

Health and Welfare in a thick veil and now he even exists as a "hero of the political world." The presence of three cabinet ministers with a strong "anti-LDP" coloring: Kubo, Tanaka, and Kan is a side aspect which seems to embrace a strong internal "rebel element" for the "Hashimoto/Kajiyama Kantei line."

Indeed, it cannot by any means be said that the Hashimoto/Kajiyama line is a monolith. Although the sharing of roles is going smoothly for the time being, it is possible that at some time Prime Minister Hashimoto and Chief Cabinet Secretary Kajiyama, both of whom are confident men, will clash and not agree on relations with both the SDP and Sakigake parties, the discord with younger members in the party centering on the YKK [an LDP trio formed by Taku Yamasaki, Koichi Kato, and Junichiro Koizumi], and surrounding the timing of the general election.

"When the media talks of Prime Minister Kajiyama and Chief Cabinet Secretary Hashimoto, the relationship of the two is bound to become strange. The balanced relationship between the so-called party leadership and Kantei, the secretary general and chief cabinet secretary, is also delicate and a concern," thus reveals an LDP officer who knows the two well.

Recent weekly magazines have been quick to bring out the "long-awaited Prime Minister Kajiyama theory."

If the two with their strong individuality clash, the fissure will become all the more great. Although the SDP and Sakigake are partners in the regime, nothing but a fight to the death among each other will develop when there is a general election. How will they create a political situation advantageous to themselves when they plunge into the general election? That is the greatest concern for all three ruling parties. Maneuvering already has begun for a "Hato[yama]-Funa[da] New Party."

New Powerful Man Supporting Hashimoto Maru in 'Same Bed With Different Dreams'

There is another "new powerful man" in the "same bed with different dreams" who is supporting this Hashimoto cabinet behind the scenes.

It is Masakuni Murakami, the LDP secretary general for the House of Councilors. In contrast to the strong-armed Kajiyama, he has the modest ways of the House of Councilors, but he has been attracting attention as the new LDP man of power in the House of Councilors since the death of Tomio Yamamoto (Gunma Prefecture, former agriculture, forestry and fisheries minister). Born in 1932, he is 62 years old. He possesses a virile personality and like Kajiyama, he has been in the Diet policy field for a long time and is a veteran in steering the Diet. He served a long time as the secretary

to the deceased Kazuo Tamaki and lamenting "the current situation where Japanese culture and traditions are breaking down and history is becoming extinct," he made up his mind to be a politician, and with the backing of Seicho no Ie [a religion] that was part of Tamaki's electorate, he won election as a House of Councilors Diet member and since then, he has won three consecutive elections from the proportional districts. Coupling the ability to act with that vitality and an enthusiasm for loving his country, step by step he has built a footing for becoming a new powerful man from the nucleus of the LDP. Particularly in 1978, as chairman of the National Foundation Day Celebration Action Committee, he set up government backing for the commemorative ceremonies and he had the great confidence of the deceased Masaharu Taniguchi (founder of Seicho no Ie) by making an extraordinary effort for the approval of the beginning of an era bill.

He was born in Tagawa-gun, Fukuoka Prefecture, and traces his lineage to the Murakami navy of Ehime Prefecture. After graduating from Takushoku University and being a secretary to House of Councilors Diet member Kazuo Tamaki, he joined the Seicho no Ie headquarters and served as a lecturer at the headquarters and head of the Seicho Political Federation People's Movement. Moreover, saying that "The religious world is also facing the time when it will enter a coalition era. Religious people must unite their power and take up national topics," he has served as director since its inauguration of the Institute of Religion and Politics [Shuseiken] established by Tamaki and is recognized as a controversialist of the times for his gallant days at the Institute of Religion and Politics.

He continues his legislator activities always with the motto "logic in politics" and because of his words and deeds, he has been judged to be "the most hawkish in the party."

He is also a "go-getter" who has successively served as LDP deputy secretary general in the House of Councilors, vice chairman of the LDP Diet Policy Committee in the House of Councilors, parliamentary vice minister for defense, chairman of the House of Councilors Committee on Finance, chairman of the LDP Diet Policy Committee in the House of Councilors, and minister of labor.

'Logic in Politics' Is His Motto

Assembly Chairman Juro Saito (currently House of Councilors president), Tomio Yamamoto, the deceased House of Councilors secretary general, and Murakami formed a combination for a long time. He also has a fat

pipeline with other parties in so far as he sweated over steering the Diet particularly as chairman of the Diet Policy Committee.

There are also some in the party who voice misgivings about Murakami's freewheeling actions.

When he was labor minister, he hastily had "Kimigayo" [the national anthem] performed at a court banquet ceremony for the crown prince and Masako Owada (at the time) saying that "The Ministry of Education has decided that Kimigayo will be treated as the national anthem in schools. Kimigayo all the more should be performed regularly for any affairs of state acts by the imperial family." He has developed a pet theory of "Japanese culture where couples with the same surname foster love and spread virtue" and there have been many episodes where he has been boldly opposed to couples with different surnames. Moreover, when a high official of Taiwan recently made a top secret trip to Japan, he contacted him secretly and carried out an exchange of opinions on security treaty problems, and he stated concerning a review of interpretation of the Constitution and golden parachuting by Finance Ministry bureaucrats that "Since it is contrary to the sentiments of the people, I am extremely apathetic." Obstinance without mincing words is one of the true values of this person. A newspaper criticized this Murakami, commenting that he was "the commander of a warring House of Councilors," but in any case, he does not hesitate to assert, "My mission is reform of the House of Councilors," perfecting its function as "government with good judgment" and to demonstrate the uniqueness of the House of Councilors. He does not break his strong stance that "Illogical stops to deliberations absolutely will not be permitted. If what the people want to hear is the voice of Daisaku Ikeda, a summons of Ikeda is inevitable." In Nagata-cho nowadays, where second generation Diet members account for 60 percent of the Diet seats and the presence of Secretary General Murakami who is a dyed-in-the-wool party man is becoming more and more important.

Necessary Presence in Political Revitalization

After the war, Japan continued consistently upward economic growth based on a bureaucratic centralized power type of government. Now, however, the postwar growth line has hit a wall and we have entered a downward era. The bureaucratic system is being questioned all the way up from its roots. The former Kakuei Tanaka and Takeo Fukuda type of politicians have decreased and second generation politicians have become the mainstream in their place. In recent years, second-generation politicians have been occupying the important posts in each party. For example, starting with Prime Minister

Hashimoto, Shinshinto party head Ichiro Ozawa, both Junichiro Koizumi and Tsutomu Hata who fought both Hashimoto and Ozawa in presidential/party head elections, previous Foreign Minister Yohei Kono of the LDP, previous Vice President Keizo Obuchi, Secretary General Koichi Kato, Representative Secretary Yukio Hatoyama of the Sakigake who is said to be the hope of the future, and Hajime Punada of the Shinshinto all are "second generation."

Since it is an "entrepreneur" era, it seems that politicians also have shifted to an era of "family business." It is stable and mature, but on the other hand, it resembles the shrinking scale of Japanese society today is which losing its vitality.

The U.S. Forces base problem in Okinawa, worsening relations with South Korea, the housing loan problem—last year difficult issues befell us one after the other indicating that 50 years after the war, Japan was approaching a big turning point. Politics, however, only goes in all directions. Postwar system reforms such as administrative reform, regulation relaxation, and decentralization of power have not progressed as expected.

What path will Japan take in the world after the East-West Cold War and how will we reform the Japanese economic structure which is at a standstill? The time has come when politics will decide the great course of Japan.

It is no exaggeration to say that rational, patriotic politicians like Hatoyama and Masakuni Murakami, not second-generation politicians, are sought to reactivate Japan which is in a stymied situation and is striving to revitalize politics.

With the personnel assignment most desired for Murakami as the successor to Tomio Yamamoto, the hoped for ace of the House of Councilors who died suddenly, Murakami's reputation is coming to be heard inside and outside of the party. His responsibility and mission is great as the LDP House of Councilors secretary general.

The way ahead for the new man of power in the House of Councilors truly is heaped with difficulties such as the home loans, Kato summons, and dissolution/general election, but it is a stage where he can best demonstrate his ability as the House of Councilors secretary general. The script Murakami will develop and perform in the future will be noteworthy.

**Questioning Masakuni Murakami: Politics With
Viewpoint Placed on the People of the Nation**

Politics Is Not Functioning

[Oyama] First of all, what do you think about recent politics over all?

[Murakami] Viewing the Diet today, what concerns me is whether politics is functioning in reality. Are the people of the nation in it? When I think about it myself as a politician, in actuality it is not functioning and the people of the nation are not in it. So, as to what there is, it is felt that concern is directed only on the point of whether political party ego and the politician himself can survive with his own election. It is only on whether he really can survive himself within the new election system with the introduction of the small electoral district system.

[Oyama] You say that the thinking of everyone is focused on that for the most part. What do you think yourself about this situation?

[Murakami] The foundation is party reform and political reform, but saying that, it is considered enough to tinker with the election system. I question whether this is enough.

We ended up feverishly introducing a small electoral district system. They say that "the pendulum of the clock will not swing back to the beginning," but at this time I lament the current state of politics on the House of Councilors side and think that we should revise the election system one more time. I seriously believe that we must consider that area.

[Oyama] What do you think is the best way of bringing this about?

[Murakami] Viewed from the details of the introduction of this election system, it is because it was done by twisting the origin of democracy in the parliamentary system. It rejects the House of Councilors. It is necessary to reconsider that, and I think that it may be done in the House of Councilors.

Reform of House of Councilors Also an Important Topic

[Oyama] House of Councilors reform is what you are basically thinking about, so would you say a little about your contemplations in that area?

[Murakami] From the constitutional ideal of a bicameral system, the current ideal for the House of Councilors is too frivolous and that is the actual situation. We must not keep on ignoring this. At present, close to 40 billion yen annually in tax money is used on the House of Councilors. Because that much of the people's money

is used, we must review the ideal bicameral system to the extent that it is used. It is meaningless for the House of Councilors to be a yes-man. Therefore, we must place thought about that even in this home loan Diet and demonstrate the significance of the bicameral system. Therefore, I believe that we should think about it in the Diet now, even though it is the home loan Diet, and demonstrate the subtleties of the bicameral system.

[Oyama] What are those points?

[Murakami] We place ourselves in parties, but for example, in this home loan Diet, if the understanding of close to 90 percent of the people is not obtained, we set our eyes on that and produce results as the House of Councilors. It is producing independence. And, bold revision will also be inevitable. I have attempted to find that answer. The results were that we have been hindered by the great power of the House of Representatives. However, I would like to repeat such attempts.

[Oyama] A revision of the system probably will be necessary for that, won't it?

[Murakami] Of course. For example, we must think about basic national policy and matters with a long-range stance, and have priority in the House of Councilors on such things as national defense or educational policy or foreign policy. I believe that it is necessary to introduce an independent ombudsman system in the House of Councilors and consider the center to be the Audit Committee.

Since the budget is expressly stated to be the priority of the House of Representatives under the Constitution, they emphasize the budget and the House of Councilors cannot revise a single cent. Isn't it meaningless to deliberate on such a budget? Debating is good and the House of Councilors is said to be "the good judgment government office," but it is because the results are questioned by politics. Therefore, the House of Councilors will deliberate with the Audit Committee as the most important item on par with the budget. And the power will be created in the House of Councilors so that the next year's budget cannot be compiled unless this audit is passed. I think that this fact is important.

Impressed by President Lee Teng-hui's Speech

[Oyama] Since the House of Councilors recently only recently has had a presence in procedures, I think that there should be revision of the system so that such a check function can be demonstrated. The other day, it was conducted on Taiwan, laying aside domestic problems for the time being, but what was your impressions of the inauguration of President Lee Teng-hui?

[Murakami] I heard a speech that was brimming over with the president's self confidence and filled with youthful enthusiasm.

[Oyama] Excuse me, but I feel that compared to Japanese politicians, his personal appearance is very different.

[Murakami] I hear that from everyone (laugh). I understand what they are trying to say, but...I strongly feel that he is risking his life while speaking softly in a gentlemanly way and he has leadership that is trying to raise and draw out lofty visions for rebuilding the nation.

I am friends with him on a personal basis and being in a situation where I often visit Taiwan, I have had opportunities to talk with him on a one-to-one basis. In the course of time I have come to believe that he has great persuasive power in his speech.

[Oyama] Perhaps due to basic ideology, he is logical. Do you feel that on the China problem?

[Murakami] I think that Japan's policy on China should stay as it is. I believe that it is necessary to proceed with Japan-China and Japan-Taiwan relations conforming a little more to reality. However, in so far as we do not have diplomatic relations, I believe that it is not good to have a foreign policy position on Taiwan where it will be sufficient to cut them in two with a single stroke of the sword.

Political Party Framework Decided by Trend of the Times

[Oyama] Returning to domestic matters, what is your conjecture on the trend of the political situation in the future as LDP secretary general for the House of Councilors?

[Murakami] After all is said and done, I think that one point is the House of Representatives election which should be coming. Everything probably will be after that.

[Oyama] About the ideal election, we now have a coalition government, but what about the position of the LDP?

[Murakami] It often is remarked, "are you conservative-conservative coalition orientated?" but the present three-party coalition regime was born as a necessity of the times. The LDP no longer had one-party rule. The Keiseikai Ozawa group got out and talked and was able to devise the three-party coalition against Shinshinto in politics today. Before that, there was a three-party coalition against the LDP, but I feel that Japanese politics is greatly adrift in a really big global, world politics trend. Therefore, I am wondering about

simply thinking of something that is fixed such as a "conservative-conservative coalition would be good" or a "three-party coalition would be good." It cannot be fixed. I believe that the framework of political parties is determined by the necessity of the times.

[Oyama] One-party rule by the LDP?

[Murakami] That would be the best, but that would be rather difficult under the current situation.

[Oyama] Then recently there has been a change of generations and the younger members are gaining power, what do you think about that?

[Murakami] Naturally, it probably is appearing. If you look at the trend within the Shinshinto now, there probably is more of a difference in thinking than policy. It centers on an Ozawa premiership. Amidst that, however, there are Hatoyama or Punada, liberal or new but better trends, but I don't think there is any ideology in that. You might say that they are trying to create a group that caters to the masses and the actions of Hatoyama and Punada today are the solidification of this aim. If there only were a little more ideology. If a new party were to be created, I think that it would become something that takes a great leap forward, but I fear that ultimately it will become ephemeral like the New Liberal Club. It would evoke the energy to surmount the current situation. However, it would be no good unless it gathers more power.

[Oyama] Thank you very much.

Manakuni Murakami

Currently LDP secretary general for House of Councilors. Was born in Fukuoka Prefecture in 1932. Traces lineage to Murakami navy.

Graduated from the Political and Economics Department of Takushoku University. Won first election in 1980 House of Councilors national electoral district election (1,037,410 votes). Won second election in 1986 proportional electoral district election (rank 6 in party). Won third election in 1992 election (rank 3 in party). Successively served as labor minister, LDP House of Councilors Diet Policy Committee chairman, parliamentary vice minister for defense, House of Councilors Finance Committee chairman, Labor Problems Investigation Committee chairman, etc.

Publication: Has written several articles such as *Journal of Labor Minister's Hard Fight Producing One Virtue in Return for Sweat* (Labor Administration Research Center), *Searching for Bewildered East Asia* (Yomiuri Shimbunsha), *Burning Memory: Yasuhiro Nakasone Who Bet on W* (Kadokawa Shoten), and *Logic in Politics* (Nihon Kyobunsha).

**Japan: Argument for Electoral System
Reevaluation Viewed**

**962B0135A Tokyo KANKAI in Japanese Jul 96
pp 28-39**

[Article by Tadao Kano, MAINICHI SHIMBUN editorial staff: "Long-Smoldering, Selfish Talks of Reevaluating Single-Seat Electoral System"]

[FBIS Translated Text] *There lingers a smoldering question of reevaluating the single-seat constituency with proportional representation system for the House of Representatives. Some argue for going back to the former multiseat constituency system. A wave of opinions has already been issued by Lower House Speaker Tadahiko Doi and executive officials from the Liberal Democratic Party [LDP], the Social Democratic Party [SDP], the Sakigake, and Shinshinto, calling for "reevaluation," or "regretting the introduction of the system." This movement is gaining its strength, as a dissolution and a general election under the single-seat electoral system get closer. Reportedly, "about 70-80 percent of the members of the lower house are truly against the single-seat system."*

In late May, concerned lower house members from the SDP and LDP decided to submit a proposal for revision of the Public Officials Election Law to the lower house so as to revive the multiseat electoral system. Around the same time, lower house member Taro Tokuda (from Jiyu Rengo [Liberal Alliance]), who had an experience in running in an election in the Amami Islands district of Kagoshima Prefecture that used to be a single-seat district, also announced his own proposal for revision, believing that the multiseat electoral system needs to be restored.

At present, neither of these proposals are expected to secure the Diet's approval. Aside from criticism against this "inconstancy [of the lawmakers]," however, the strengthening of this movement itself indicates clearly that opposition against the introduction of the single-seat electoral system remains quite strong among Diet members. This article investigates the background of this movement to reevaluate the single-seat electoral system.

**Impossibility of Reevaluating the System in
Reality?**

Those preparing for submission of a bill are members of the "Concerned Diet Members' Group for Reevaluating the Electoral System." The group is managed by former Management and Coordination Agency director Tsuruo Yamaguchi and others. Its members include lower house member Masaru Hayakawa (DSP) and others. Acting Secretary General Hiroshi Nonaka of the LDP and

former Education Minister Yoshinobu Shimamura are enlisted as observers.

Mr. Yamaguchi and others formed the "Concerned Group" in February this year, and Mr. Nonaka and others have been attending its meetings.

The group has already prepared and announced a bill in favor of a multiseat electoral system, which will divide the nation into 135 electoral districts with three to five seats in each. (See reference material 1)

According to this bill, the total number of seats will be reduced to 492, while limiting a differential for one vote to less than twofold. A voting method will be a "multiseat majority ballot system," which allows two votes in a district with three or four seats, and three votes in a five-seat district.

The "multiseat majority ballot system" permits a voter to vote not only for a candidate from the party he supports, but also for a candidate from another party or an independent candidate. Therefore, eligible voters will be able to cast their votes by taking into consideration not only the economy but also such issues as welfare and environment. According to the supporters of this system, merits include the following: 1) the system will open up an avenue for the Diet to reflect multiple values; and 2) it will make it possible to send candidates without organizational support as well as women to the Diet.

In addition, the bill will halve the amount of subsidies to political parties and will allow door-to-door canvassing during election campaigns. The Legislative Bureau of the lower house is already checking and examining the bill.

The "Concerned Group" was initially planning to submit its bill in the form of legislation by house members to the lower house. However, it decided to seek prior consideration by the upper house due to the following reasons: 1) according to the established custom, the lower house requires approval by the person in charge of the group submitting a bill for legislation by House members, but the upper house has no such requirement; and 2) in the past, the upper house voted down the bills concerning political reform, and, therefore, it seems suitable as a place to deliberate on the issue of reevaluating the single-seat electoral system—it must be able to deliberate on this issue in a more levelheaded manner than the lower house.

Pertaining to the first reason, Secretary General Kanju Sato is the group's representative from the SDP. Mr. Sato was the minister of Home Affairs during the Morihiro Hosokawa cabinet. Along with former minister Sadao Yamahana (former chairman of the Social Democratic Party of Japan) in charge of political reform, he

worked on introduction of the single-seat electoral system. As he has been opposing reevaluation of the single-seat electoral system, he cannot give his seal of approval to the bill. Unlike the lower house, the upper house does not require such a seal of approval—a bill can be submitted as long as it has support from 10 individuals. Taking this into consideration, Mr. Yamaguchi and others came up with the idea of seeking prior consideration by the upper house, bypassing Mr. Sato.

Also, there are various criticisms at the Lower House, including those from the Shinshinto, saying, "Revising the single-seat electoral system even before using it in any one election is inconstancy," and "abandoning of responsibility by the people who were in charge."

Within the SDP, those in the right-wing group who were involved in creation of the Hosokawa coalition government are critical of reevaluating the system. On the other hand, those in the left-wing group who were involved in the Tomiichi Murayama cabinet are in favor of reevaluation. Mr. Murayama himself has been taking a positive stance for reevaluation, saying, "If the system contains any problems, we need to discuss them." In the background, therefore, there seems an internal struggle for leadership within the SDP in connection with the issue of forming a new liberal party.

Meanwhile, Messrs. Yamaguchi and Nonaka began to take concrete actions on 29 May.

On that day, the two had a meeting with Chairman Kaname Endo of the upper house and Secretary General Masakuni Murakami, both of whom are upper house members from the LDP, as well as Chairman Hisamitsu Sugano of the SDP's Diet Affairs Committee, an upper house member, to request prior consideration of the bill by the upper house.

At the meeting, Mr. Murakami withheld his decision by saying, "Is there any justifiable reason for prior consideration by the upper house? Even if the upper house passes the bill, are you confident enough to get the bill passed by the lower house? So, there are some difficult problems. In reevaluating the electoral system, unless you consider a reduction of the total number of seats or giving up public subsidies to political parties, you will not be able to get the public understanding."

Within the upper house, some members of the governing parties have already expressed their cautionary views: "There is no reason for the upper house to make prior consideration regarding the lower house's electoral system," and "The bill for reevaluation has no prospect of success, and it will invite an adverse public opinion." Also, at a meeting of the LDP's upper house executive committee on 31 (May), some voiced their doubts: "Will

the bill be considered by the party's Policy Deliberation Commission and Executive Council?" and "If we are serious, the bill should be deliberated by the lower house." The meeting was adjourned without reaching any consensus.

Subsequently, the issue was taken up at a liaison meeting of the LDP's executive officials. Mr. Nonaka said, "I believe that the single-seat electoral system is problematic for healthy development of democracy in Japan, and I am acting accordingly."

Then, Group General Director Tokuchihiro Tamazawa argued otherwise by saying, "We have already received recommendations from various organizations on the premise that the new system will be used. If we are to return to the multiseat electoral system, we will have to change our strategy from the ground up. But to change the system without implementing it even once is to immortalize the Diet's lack of integrity."

Later in a press interview, Secretary General Koichi Kato said, "Those who promoted the single-seat electoral system have left the LDP (and joined Shinshinto). Many of the current members of the LDP were skeptical of, or against, the single-seat electoral system. However, as the Diet decided to adopt the system, we have been trying very hard to be ready for an election under this new system. We cannot go back." He expressed his conviction that, in reality, reevaluation of the system was impossible.

In light of the Diet's schedule, Mr. Kato's conviction seems reasonable. Even if the bill is submitted to the upper house according to Mr. Yamaguchi's plan, it will have to be checked and examined by the Legislative Bureau of the upper house, which will take more than two weeks. Meanwhile, the Diet will end its session on 19 June. Not much time is left.

All of Japan Was in Delirium

Even if the session is extended due to a bill concerning corporations specialized in housing loans (Jusen) so that the bill on reevaluation can be submitted to the upper house, it will be difficult to avoid such a criticism as, "Why should the lower house's issue be considered first by the upper house?" Passage of the bill, therefore, seems highly unlikely.

The administration is continuing to take a cautious stance on this issue, as well. At a plenary session of the lower house on 28 May, Prime Minister Hashimoto answered a question posed by a Diet member from Shinshinto as follows:

"Right now, I believe it important to make sure that the new system will be implemented correctly. My admin-

istration has no intention to make a drastic reevaluation of the system."

What is the "logic against the single-seat electoral system" held by Messrs. Yamaguchi and Nonaka?

Mr. Yamaguchi explains by saying, "I have already announced that I will not run in the next election. So, I am not advocating reevaluation for my own personal interest. Instead, I am concerned with a long-range impact on the nation for the benefit of posterity." Then, he points out the following defects of the parallel electoral system of single-seat and proportional representation:

1) A differential of one vote has not been corrected. There are already 60 electoral districts where such a differential is more than twofold. It is abnormal to have 20 percent of 300 electoral districts that are in violation of the law.

2) More money needs to be spent. A slogan was to make an election campaign less costly. But the majority of Diet members are saying, "We will have to spend more money than we did under the former multiseat electoral system."

3) A turnover ratio of the seats will be smaller. In an election for the lower house in England, which uses a simple single-seat electoral system, only 11 percent of the total number of seats are replaced—the remaining 89 percent of the seats have regular members from the Tory and the Labor Party. In the United States, more than 90 percent of the members of Congress are reelected.

4) A political party will strengthen its central control. As each party will stake its entire resources in an intensified election campaign, its central control will be extended to the level of rank and file. Ever since the decision to introduce the single-seat electoral system was made, it has been mentioned often that "the atmosphere within our party has become gloomy." This is because each party has strengthened its central control over nomination of candidates and allocation of funds.

5) Seats will become like inheritable, personal properties. As the number of second-generation and third-generation Diet members has been increasing in Japan, electoral districts may become like inheritable, personal properties. It will also be difficult for women to gain seats. As only big parties with large support organizations will be able to campaign, minority opinions will be ignored.

Most of these arguments were heard at the time of introducing the single-seat electoral system. Only the issue of a differential of one vote seems to be a new factor in the debate. As Mr. Yamaguchi points out, the differential keeps increasing.

The "Council on Drawing Electoral Districts for the lower house" (an advisory organ for the prime minister), which determined the current single-seat electoral districts, had a standard at the time to allow "a differential of less than twofold."

However, "in consideration of depopulated areas," the council first allocated one seat unconditionally to each prefecture, and then allocated the remaining seats according to relative population ratios. From the start, therefore, the largest population differential between electoral districts was 2.137 times, exceeding the twofold limit.

Later, according to a flash report of the 1995 national census issued in December 1995, it became clear that the largest population differential expanded to 2.309 times and that the number of electoral districts with more than the twofold limit doubled from 28 to 60.

In February this year, however, the council made an early decision not to reevaluate the districts, saying, "The imbalance does not seem to be too lopsided." Therefore, it attached its priority to a political consideration that "as election campaigning has already started, if the districts are modified now, that will generate confusion."

In any event, some people have already begun to say that "if an election takes place based on the current districts (with differentials), it will be followed by a series of law suits seeking remedies for the differentials of one vote." In this sense, Mr. Yamaguchi's contention is right.

Now, what kinds of reasons for opposition does Mr. Hiromu Nonaka have? He recently published a book entitled *I Will Fight* (from Bungei Shunju). Mr. Nonaka once attracted attention in the past by criticizing harshly the political methods of Chairman Ichiro Ozawa of Shinshinto, who used to be a member of the LDP's Takeshita faction (Keiseikai) like himself. In his book, he describes how the single-seat electoral system came to be introduced:

"All of Japan was in delirium. Those who were not in delirium were Mr. Ozawa (who advocated the introduction of the single-seat electoral system) and us (who kept opposing it). Those in delirium did not remember that they had been denouncing the Ozawa group as the source of all evils in the recent past. As they did not remember, they began to denounce us as a 'group of conservatives.' Seeing this, Mr. Ozawa was smiling in glee."

Then, Mr. Nonaka listed several problems concerning the single-seat electoral system and suggested that they be reevaluated courageously at once. (See reference material 2)

Under the Murayama cabinet, Mr. Nonaka became the minister of Home Affairs and was placed in an ironical position to draft a bill on districting for the single-seat electoral system. Based on his experience as Home Affairs minister, however, he writes, "I believe for sure that this system should not have been adopted" and points out the following reasons:

1) Even though political reform was its slogan, nothing will be more costly than this system. For example, in the past under the multiseat electoral system, 35,000 postcards were distributed at no cost to each candidate in an election. Under the new system, each candidate in a single-seat district receives the same number of postcards. However, additional 35,000 postcards are also distributed to the candidate's political party, increasing the total number of free cards to 70,000. The number of leaflets allowed for a candidate in a single-seat district is 70,000, and that for the political party is 70,000. It has no limit in a proportional district. Also, these leaflets can be made into the size of a postcard for mailing, or they can be inserted in newspapers. A candidate who will run in both a single-seat and a proportional district can paste up 1,500 posters in addition to those to be pasted up on public bulletin boards. Besides, he will be able to paste up 750 posters with a photo of his portrait, his name, and the name of his political party. It is quite costly just for these postcards, leaflets, and posters.

2) There will be an increase of supplementary elections for vacant seats. According to the statistics from the past, 14 to 18 individuals die between general elections. Also, some individuals resign to become governors and so on, creating vacant seats. Under the multiseat electoral system, a supplementary election will not be held unless there are two vacancies. In a single-seat district, however, a supplementary election must be held when the incumbent dies. Consequently, there will be five to seven supplementary elections somewhere in the country each year. In the supplementary election in Saga for the upper house in July 1995, we made our all-out efforts. But, if we have to repeat this all the time, political parties and politicians will not be able to focus their attention on managing national affairs, their political responsibility.

Meanwhile, Mr. Tokuda also issued his own proposal for reevaluation on 21 May, citing his standpoint that "I personally became aware of the seriousness of the issue from my own experience in fighting in an election in a single-seat district for the first time in the history of postwar elections." He said, "Reformation of the money-soaked political system was shortchanged into introduction of the single-seat electoral system, which was approved under an abnormal situation, where

people were saying, 'Those against this system are inhuman.' Is this really right?" (See reference material 3)

The "Tokuda Proposal" is characterized by its contention that a simple multiseat electoral system should be used tentatively for 10 years, and, during that time, adoption of a permanent system (a simple multiseat constituency system) should be considered."

As reasons for reevaluation, Mr. Tokuda lists the following five points:

1) The single-seat electoral system requires an enormous amount of energy. Under the single-seat electoral system, a one-to-one election campaign must be carried out throughout the year, leaving no time for a recess. If the opposing candidate stays in the electoral district for campaigning, the incumbent will have to return frequently to the district, making him absent from the Diet.

2) The single-seat electoral system does not allow existence of intermediate political parties. Although there are districts for proportional representation, if the two major political parties continue to carry out intense fights in [single-seat] districts, that will spill over to the proportional districts, overshadowing the intermediate political parties. Voices of the voters, whose views are continuing to diversify, will not be absorbed.

3) Politics will become rigid, as the will of the people will not be reflected in it. Once the two-party system is established, the party in power will exert enormous influence. A motion for no confidence in the cabinet will become meaningless. Important policies will be made without appeal to the confidence of the whole nation. Dissolution will be unthinkable when the time is unfavorable to the party. Therefore, it is certain that an election will be held only at the end of each term every four years.

4) Policy debates will be ignored. The fight between the two major political parties will intensify. It will be fought for the sake of fighting and for the purpose of defeating the opponent, ignoring policy debates. A "negative campaign" will also become prevalent. To collect votes widely, all candidates will make noncommittal campaign promises.

5) The power of the political parties will become enormous, making politicians unable to demonstrate their own individualities. Including those candidates who concurrently run in single-seat districts, the ranking of candidates in proportional districts will be determined by their respective political parties. This by itself will restrict the political behavior of each Diet member. Furthermore, because of introduction of a subsidy system, the political parties will have an enormous authority

over political funds, as well. As a result, it will be difficult for politicians to demonstrate their individualities, and it is conceivable that one individual of great influence will wield his power. Then, the political arena will lose the atmosphere of freedom, leaving only intense competition between political parties.

"This Is Not a Children's Make-Believe"

What does the Shinshinto think of these reevaluation movements of the SDP and the LDP?

In his book, "Speak Up" (published by Bungei Shunju), party chairman Ichiro Ozawa writes, "To reevaluate is like a children's make-believe" and counterargues bitingly as follows:

"If those who opposed the bill from start to finish want to reevaluate it, that will be understandable. But because some of the people who voted for the bill, or worked hard for the passage of the bill, are now in favor of reevaluation, I would say that politicians cannot be trusted at all. If they want to reevaluate the system now, why did they not oppose the bill when the Diet deliberated on it? As the bill was passed by a very narrow margin, if these people opposed it, they could have stopped the reform of the electoral system. Having no conviction, they tend to waver their opinions from time to time. Such a lack of integrity among politicians invites the public distrust in politics. You have to be responsible for what you have done, because this is not a children's make-believe."

Then, Mr. Ozawa boasts that Shinshinto will be able to defeat the LDP in the next general election under the single-seat electoral system as follows:

"New candidates from now on are from the so-called conservative camp. If they are trustworthy, good candidates, they will certainly be able to capture one half of conservative votes. As 60-70 percent of the total votes are conservative votes, in general, it is almost impossible for one candidate to get all these votes. If two candidates with a similar creed run in an election, the votes will naturally be split between them according to personal likes and dislikes—some voters may dislike the campaign supporters of one of these candidates, for example. Roughly speaking, the conservative votes will be split half and half between the LDP and our party. Besides, votes from the former Komeito and DSP will be added (to the Shinshinto's candidates). There is no reason for us to lose. This is a simple calculation. The rest of the matter depends on the timing of the election. The longer the illicit union of the three parties—the LDP, the SDP, and the Sakigake—continues, the more distant the public will feel toward the administration, and the stronger support our party will receive."

He has considerable confidence. Furthermore, Director Toshihiro Nikai of Shinshinto's Election Polling Bureau who is a close associate of Mr. Ozawa says, "Because of its focus on political parties and policies, the new system will make the change of administration possible. It is a tough system, but we have decided to go for it. Therefore, I am very much disappointed by the fact that those who were in favor of the system are hesitant (asking for reevaluation). A proper thing to do is to see how this new system will take root by having two or three elections."

Therefore, Mr. Nikai suggests that the new system be used two or three times at least before reevaluating it.

Opinions of the leading and opposition parties are directly opposed. Then, what do the public think of this issue?

An opinion survey conducted by MAINICHI SHIMBUN in early April this year (a questionnaire was sent to 3,000 eligible voters nationwide with a 60-percent response rate) shows interesting results. (See reference material 4)

To a question, "What do you think about the argument for reevaluating the single-seat constituency with proportional representation system?" the majority, or 57 percent, of the respondents selected an answer, "The system should be used at least once before reevaluating it." Also, 13 percent of the respondents selected an answer, "The system should be changed to another one, possible a multiseat electoral system, before the next general election."

Aside from the timing of reevaluation, therefore, 70 percent of the respondents felt the "need for reevaluation." In other words, the majority of the public opinion was that "it is not permissible to reevaluate the system without implementing it at least once, but reevaluation should be in order sometime in the future." The meaning implied in these numbers seems significant.

Incidentally, the survey showed that only 4 percent of the respondents felt that "the politics in Japan will improve because of the new system." Among those who felt that "the politics will worsen," many thought that "small political parties will be handicapped" (42 percent) and that "elections will be more costly" (38 percent).

Realize That "We Cannot Go Back"

So far, we have reviewed actions taken by political parties concerning the question of reevaluating the single-seat electoral system, pros and cons about the reevaluation, the contents of some proposals for reevaluation, and the public opinion.

An overall impression is that, although a half century has passed since Japan adopted a parliamentary democracy, how unfortunate it is that the nation still does not have an electoral system that can be trusted.

In early March 1996, I had a chance to observe a general election in Australia (a simple single-seat electoral system). I saw with my own eyes a dramatic development where the Labor Party in power suffered a crushing defeat, and the political power was transferred to a conservative coalition. What impressed me was not the dynamic nature inherent in the single-seat electoral system, but rather the extremely high level of trust the people in Australia have of their electoral system.

About the time when it formed a federation in 1901, Australia soon established a Western-style democratic system by introducing secrecy in ballot, popular election, and women's suffrage.

In 1919, it introduced a "plural ballot system with priority order" so as to reduce the number of "dead votes," which is said to be the worst shortcoming of the single-seat electoral system. Then, in 1924, it introduced a "compulsory ballot system." According to what I heard from many knowledgeable individuals and specialists, the people in Australia support the electoral system with these characteristics, and no one suggests that the system be reevaluated.

The "plural ballot system with priority order" is a system where a candidate who gets "one plus 50 percent" of the eligible votes will get elected. Under a simple single-seat electoral system, a candidate who gets about 30 percent of the eligible votes in a district with stiff competition can get elected, and the remaining 70 percent of the votes become "dead votes." The Australian system avoids this so as to ensure that support from more than half the eligible voters (the public will) will be reflected as accurately as possible. This merits attention.

The "compulsory ballot system" is a system that requires voters to go to polling stations (it has nothing to do with abstention from voting). If you fail to go to a polling station, you will be charged a penalty (equivalent to 4,000 yen at maximum). The system is based on such ideas as "voting is the right as well as the responsibility of citizens, like paying taxes," and "as an election is held every two or three years, the burden of compulsory ballot on the citizens is relatively small."

Introduction of this system immediately raised the voter turnout from 58 percent to 91.3 percent. Since then, the turnout has constantly exceeded 95 percent. For the election in March this year that I observed, it was 96.22 percent.

I am not saying that Japan should adopt this Australian system. The conditions and histories of Japan and Australia are different from each other. Although the voter turnout in Japan has been decreasing steadily in recent years, it would be difficult to introduce the penalty system in Japan. This may sound repetitive, but what I think we need to realize is how important it is to have a reliable electoral system.

In this sense, it is also necessary to strive to polish Japan's single-seat electoral system by constantly reviewing and improving it so that the public will be able to rely on it.

However, we cannot immediately accept the current argument in the political world for "reevaluation and going back to the multiseat constituency system." There is also an opinion that says, "Some people suggest that the system can be changed after implementing it once or twice. But, when you know from the start that the system is bad, you do not need to implement it. We should change it now" (per Director Shusei Tanaka of the Economic Planning Agency, a member of the Sakigake). But it does not seem acceptable to kill a system, once adopted, without implementing it even once. As Secretary General Koichi Kato of the LDP says, we have come to the point "where we cannot go back."

It is not an overstatement to say that the current argument for reevaluation relates closely to party and personal interests and tactics—as the election nears, some candidates become weary of their chance of being elected; and, once defeated, it will be difficult to make a comeback. The proposal made by the SDP's "Concerned Group" to create districts with three to five seats in each is clearly a measure for self-preservation.

Yet, the single-seat electoral system has many problems. As pointed out by Messrs. Yamaguchi, Nonaka, and Tokuda, the following concerns are often pointed out: 1) as each electoral district is smaller, politicians may become more involved in pork-barrel politics, leading to a political situation where priority will be placed on vested interests; 2) as politicians will not be able to gather votes by talking about national policy, they will be more intense in competing for providing services to their local constituents and will become small-scale politicians; and 3) as a result, they will be less differentiated by their policies, stunting the entire political system.

It has been pointed out also that, depending on the result of an election, one political party may monopolize the seats at the Diet, leading to a quasi-dictatorship. Once that happens, there could be a series of defections among Diet members from opposition parties to the governing

party—turning everyone into a member of the governing party and creating a government like the Imperial Rule Assistance Association.

In terms of systemic problems, the "rating of a defeat by a narrow margin" seems questionable; and, although I mentioned this earlier, "elections will be costlier because of an increase in the number of postcards, posters, and leaflets," and "a differential of one vote becomes larger."

The "rating of a defeat by a narrow margin" means that a candidate who runs in both a single-seat and a proportional representation district will be given a relief according to the "level of his good fight" in the single-seat district. Measurement of this level is based on the rating, which is computed by dividing the number of votes received by the defeated by that of votes received by the winner.

According to this method, some candidates who are defeated in single-seat districts can be "revived as winners" in proportional representation districts. Is it not contrary to the public will to let a loser become a winner in some place else? Furthermore, it has been pointed out that, as votes will be spread more among candidates in a district with intense competition, it can be possible to see such a strange phenomenon where a candidate with less votes than the others within the same political party may end up as a winner.

The problems of "costly elections" and "the widening of a differential of one vote" are also criticized by Messrs. Nonaka and Yamaguchi. All these can be corrected immediately if politicians decide to do so.

Regarding a reduction of the number of postcards and posters, the governing coalition parties are currently working on revision of the Public Officers Election Law. Their plan is 1) to prohibit the mailing of leaflets and 2) to reduce the officially assigned number of leaflets for a candidate from 70,000 to 40,000, that of posters from 1,500 to 1,000, and that of postcards from 35,000 to 15,000.

The Shinshinto, which has many novice Diet members, has been opposing this reduction plan, because these rookies "need to make themselves known." Such might be the case also for other political parties. In any event, the system needs to be revised through discussion among the leading and opposition parties so that elections will be less costly.

If the single-seat electoral system is to be preserved, it should be modified so that it will be used in combination with a proportional representation system, I believe.

So far, I have pointed out only the disadvantages of the single-seat electoral system. However, there are also some advantages.

Under the single-seat electoral system, the political parties and politicians who were involved in money-soaked scandals, corruptions, or election frauds will be decisively at a disadvantage in winning elections. Eligible voters will be able to judge them directly.

Another advantage is that the leader and candidates from each political party will become more recognizable.

As in the case of an election in Australia, when an administration in power makes mistakes (such as an economic recession in the case of the Labor Party in Australia), and if voters say, "no," to these mistakes, it will be relatively easy to change the administration.

Focusing on these advantages, we will have to find a better system. Simply going back to the multi-seat electoral system is not a solution. If circumstances require, it may be necessary to begin studying another system to replace the single-seat constituency with proportional representation system by creating another purely third-party organization composed of specialists.

An important focus in that case is not only to change the electoral system, but also to materialize decentralization of power as soon as possible.

Australia has made progress in decentralization, and its government and members of the parliament deal only with such larger issues as foreign policy and defense. Such issues as constructing bridges and building roads are dealt with by local governments. As a result, the members of the parliament are cut off from the rights and interests relating to public investments. Reportedly, therefore, the national politics in Australia is being administered in a clean manner, and election law violations do not occur in general elections.

In the case of Japan, if the situation remains the same, Diet members elected in single-seat districts may be able to have a total control over allocation of government subsidies and public works projects. It will certainly become necessary to install another system of information disclosure concerning the Diet. We must find as soon as possible an electoral system that has nothing to do with individual and party interests and tactics, but that can be relied upon by the public from a comprehensive perspective. This is the largest responsibility imposed upon politicians.

Reference Materials

Reference Material 1: "A Proposal for Reform of the Election System" prepared by the Social Democratic

Party's "Concerned Group for Reevaluation of the Election System"

Electoral Districts and the Total Number of Seats

There will be 135 electoral districts nationwide, and the total number of seats will be reduced from the current 511 to 492.

Basic Requirements

- 1) Adopt a multiseat constituency system with majority plural ballot. (Two names will be written in a district with three or four seats, and three names in a district with five seats.)
- 2) Limit the number of seats in a district to three or four in principle. Only when necessitated by circumstances in districting, five-seat districts will be set up as an exception.
- 3) Limit a differential of one vote to less than twofold. Furthermore, to correct problems relating to differentials, the limit will be set at plus-minus 30 percent (1.857 times).
- 4) Base the districting on the former multiseat constituency system. For those districts with more than six seats each, districting will be based on the current 300 single-seat districts—there will be no new districts.
- 5) No districting within the same administrative districts. At the same time, the problem of detached areas in the former multiseat districts will be corrected through districting.

Reference Material 2: A proposal for reevaluation made by Acting Secretary General Komu Nonaka of the Liberal Democratic Party (from his book, *I Will Fight*)

- 1) It is not too late. We must reevaluate the system courageously. It was already decided at an extraordinary session of the Diet in fall 1995 to change the voting method from a "marking" to a "writing" system. This change should be reevaluated in conjunction with the question of going back to the multiseat electoral system.
- 2) It cannot be denied that the multiseat electoral system had many demerits. Therefore, I am thinking of a multiseat electoral system that will have three-seat districts in populous areas and two-seat districts in most other areas, rather than having large districts with five seats in each.
- 3) The total number of 500 seats is too many. We must reduce it to 471 as required originally by the Public Officers Election Law.
- 4) The monstrous system of bloc proportional representation should be abandoned. There is no logical reason

for introduction of this system. The only conceivable reason is, "as the upper house uses a national proportional representation system, the lower house wanted to have this bloc system, which is a bit different from the former."

Reference Material 3: A personal proposal for reform issued by lower house member Torao Tokuda of Jiyu Rengo

- 1) With a consensus of the political parties, freeze the new system without implementing it, and immediately begin considering a tentative system.
- 2) (a) The tentative system will be a simple multiseat electoral system without proportional representation. The number of electoral districts will be equal to or less than 150, and the total number of seats will be about 450.
—(b) Districting for the multiseat electoral system will be based largely on the districting for the current single-seat electoral system, creating one multiseat district from two single-seat districts, in principle.
—(c) In principle, the number of seats for each multiseat district will be three. As an exception, however, those prefectures with odd numbers of electoral districts will be permitted to create one multiseat district from three single-seat districts. The total number of seats for such a district will be limited to five.
—(d) In combining districts into a multiseat district, the drawing of a district line and the decision as to the total number of seats will be made flexibly so as to avoid such a situation as splitting the same city, town, or village into separate districts. The number of total seats will be reduced by at least 50 seats from 511 seats under the old system.

3) (a) The tentative system should be adopted during the current session of the Diet. It will be in effect for 10 years, and a permanent system based on a simple multiseat electoral system will be considered.

—(b) Here, special attention should be paid to preventing the issue of revising the election system to be used for political power struggles.

Reference Material 4: Results of MAINICHI SHIMBUN's opinion survey (dated 18 May)

Question 1: Do you know in which single-seat district you will be voting in the next lower house election under the new system (the parallel electoral system of single-seat and proportional representation)? (In percentage; numbers in parentheses are the results from a survey in December 1995)

Yes, I know 48

No, I do not know 49
Question 2: Do you think the politics in Japan will improve because of the new system?

I think it will improve 4 (5)
 I think it will remain the same 57 (57)
 I think it will worsen 10 (11)
 I do not know 26 (25)
Question 2A: (If you answered, "I think it will improve.") Why? (Select up to two reasons.)

Elections will be less costly 25 (39)
 Elections will focus on political parties ... 20 (20)
 Politics will focus on policies 38 (22)
 The government will become stable 14 (16)
 Changing of administrations can be expected . 21 (22)
 Faction-based politics will disappear 16 (24)
 Politics will have more vigor 34 (41)
Question 2B: (If you answered, "I think it will worsen.") Why? (Select up to two reasons.)

Small political parties will be handicapped 42 (43)
 Elections will be more costly 38 (30)
 A one-party administration will be prolonged . 20 (21)
 A change of administration will make the political situation unstable 10 (9)
 It will be difficult for new candidates to be nominated 33 (41)
 The system will become similar to the one for the upper house, making the two-house system less meaningful 16 (14)
 Politics will be adversely centralized 18 (20)
Question 3: What do you think about the argument for reevaluating the new system?

The single-seat electoral system should remain 13
 The system should be used at least once before reevaluating it 57
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North Korea

DPRK: 'New War Provocation Maneuvers' by U.S, ROK Denounced

*SK0708131796 Pyongyang Korean Central Broadcasting Network in Korean
 0755 GMT 7 Aug 96*

[Talk by O Kyong-chun, chairman of the Pyoksong County Trade Union Committee in South Hwang-

hae Province: "Warmaniacs Cannot Evade Miserable Death"]

[FBIS Translated Text] More than 40 years have passed since the gunfire of war ceased in our fatherland. However, because of the reckless new war provocation maneuvers by the U.S. imperialist warmaniacs and South Korean puppets, the danger of war has again been created on the Korean peninsula.

In mid-July, the U.S. armed forces and puppet army frantically staged a large joint landing exercise in areas along the east coast in South Korea, simulating an attack against our republic.

The South Korean puppets openly put forward the gibberish that this war exercise was a scorched-earth operation aimed at striking hard against someone else and paralyzing his heart by landing in depth in the rear areas of the northern half of our republic.

Sometime ago, the puppets reorganized their puppet army units, as well as their command system, in a bid to enhance their overall offensive capabilities, thus setting off a racket.

This clearly shows what level of preparations for a new northward war of aggression they have reached, preparations that are going on every day on the ground, on the sea, and in the air throughout South Korea, reeking gunpowder.

Today, working people and trade union members throughout our country cannot put up with the exercise of a northward war of aggression which is frantically being staged each day by the U.S. imperialists and South Korean puppets. However, what evokes our indignation even more is the rascals' open gibberish about their plans to paralyze the heart of someone else.

All people in the northern half of the republic, who are firmly resolved to defend the nerve center [sunoebu] of our revolution with their lives, cannot repress a surging indignation and hatred against the rascals. The U.S. bellicose elements [migukui hojonbunjadul] and South Korean puppets should clearly know this.

Everyone in the working class and all trade union members, even now when more than 40 years have passed, have not forgotten that the U.S. imperialists and South Korean puppets ignited the flames of aggressive war against our young northern half of the republic, and bestially massacred our parents and brothers. We are hardening our fighting spirit to revenge ourselves against them a hundred- and thousand-fold.

If the U.S. warmaniacs and South Korean puppets dare violate even a plant, a tree, or a blade of grass, the

people and People's Army in the northern half of the republic will rise like a mountain and inflict a more miserable death on them than during the past fatherland liberation war.

DPRK: ROK's 5, 6 Aug 'Aerial War Exercise' Denounced

SK0808034996 *Pyongyang KCNA in English*
0339 GMT 8 Aug 96

["Continued War Exercises Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — The South Korean puppets staged an aerial war exercise aiming at making a surprise preemptive strike at the northern half of Korea on August 5 and 6, according to military sources.

Involved in the war game staged in the skies above Tokjok and Paeka islets and Kyokryolbi islands of South Korea were fighter bombers, assault planes and observation planes, more than 670 all told.

On August 6, a 105 mm artillery group and soldiers of the puppet army deployed in the western sector of the front fired more than 1,570 shells and bullets at random toward the Military Demarcation Line.

On the 5th, hundreds of puppet army soldiers fully armed with 90 mm recoilless guns, 12.7 mm machine guns and automatic rifles occupied combat positions in the western sector of the front and fired volleys of more than 500 shells and bullets as part of an operational exercise to attack the North.

All these military provocations prove that the traitor Kim Yong-sam is driving his underlings out to war and confrontation.

The South Korean puppets must clearly know that no mercy will be shown for the igniter of war.

DPRK: Military Rally Welcomes ROK Return of Soldier

SK0708141696 *Pyongyang Korean Central Broadcasting Network in Korean*
0600 GMT 6 Aug 96

[FBIS Translated Text] A rally of soldiers was held at the April 25 House of Culture on 5 August to welcome Corporal Kim Yong-kil, who came back after courageously fighting in the enemy's area by cherishing a thorough faith in the party and the fatherland.

Respectfully placed in the front of the meeting hall were portraits of Comrade Kim Il-song, the great leader [suryong] of our party and people, and of the great leader [yongdoja] Comrade Kim Chong-il.

Put up in the hall were slogans reading "Long Live the Great Leader Comrade Kim Il-song!" and "Long Live the Glorious Workers Party of Korea [WPK]!"

Also seen at the meeting site were such slogans as "Let Us Defend With Our Lives the Nerve Center of the Revolution [hyongmyongui sunoebu] Headed by the Great Comrade Kim Chong-il!" "Let Us Firmly Keep Revolutionary Principles Through Any Adversity!" and "We Warmly Welcome Comrade Kim Yong-kil Who Returned to the Bosom of the Respected and Beloved Comrade Supreme Commander After Keeping Revolutionary Faith and Principles to the End in the Enemy's Area!"

Present at the meeting were Comrade Cho Myong-nok, director of the General Political Bureau of the Korean People's Army (KPA) and a KPA vice marshal; Comrade Kim Kwang-chin, first vice minister of the People's Armed Forces and a KPA vice marshal; responsible functionaries from the People's Armed Forces; and generals, officers, and soldiers.

As Corporal Kim Yong-kil, who returned to the bosom of the fatherland after winning victory in the courageous fight in the enemy's area by keeping revolutionary faith and principles, entered the meeting hall, the participants warmly welcomed him by presenting bunches of flowers.

The meeting began with the singing in chorus of "The Song of General Kim Il-song" and "the Song of the Respected and Beloved Comrade Kim Chong-il."

A decree of the DPRK Central People's Committee was first read at the meeting, and the Order of the National Flag First Class was awarded to Corporal Kim Yong-kil.

At the meeting, Colonel General Pak Chae-kyong made a welcoming speech.

[Begin Pak recording] Comrades: Today all people throughout the nation, as well as officers and men of the People's Army, are vigorously displaying the spirit of socialist Korea with the spirit of the arduous march by highly upholding the red flag of the revolution, overflowing with confidence in certain victory. At this time, we are holding a rally of soldiers to welcome Comrade Corporal Kim Yong-kil, who returned after courageously fighting in the enemy's area by cherishing a thorough faith in the party and the fatherland.

At this place overflowing with joy, I warmly welcome Comrade Kim Yong-kil who returned after winning victory in the courageous fight without the slightest degree of wavering by invariably cherishing the single-hearted loyalty to the respected and beloved comrade supreme

commander even amid various appeasements, deceptions, threats, and menaces by the enemy. [applause]

As was already reported, while carrying out normal military duties at 0200 [1700 GMT on 25 July] on the morning of 26 July, Comrade Kim Yong-kil was engulfed in a river which was suddenly flooded by heavy rains, which were rare in recent years [yenyeone tumun mudogi piro], and drifted toward the south of the Imjin River, unconscious. He was then delivered into the hands of the enemy.

By keeping him in detention, the South Korean puppets adhered to all kinds of maneuvers in an effort to make him defect. However, they were unable to break the revolutionary integrity [hyongmyongchok cholgae] and will of a soldier of the heroic KPA who has been fostered as a strong man in ideology [sasangui kangja] and a soldier with strong faith within the bosom of the respected and beloved comrade supreme commander.

Comrade Kim Yong-kil, a 19-year-old member of the Youth League, achieved victory in the fight against the enemy while in the enemy's area through fasting, and safely returned, becoming an honorable victor. His heroic act clearly shows that if one courageously fights against the enemy with revolutionary faith and an indomitable will to deeply trust in and follow only the respected and beloved comrade supreme commander, then one can achieve victory without fail in any adversity and can be embraced in the bosom of the party. [applause]

Although Comrade Kim Yong-kil was detained unwillingly by the enemy, he vigorously demonstrated the true nature of soldiers of the KPA who bear a resemblance to the wisdom and courage of the outstanding commander of Paektu, and who is worthy of being a fighter of the respected and beloved comrade supreme commander.

Comrade Kim Yong-kil unswervingly fought to defend the lofty authority of the great leader [suryongnim] and the respected and beloved comrade supreme commander, even while in the enemy's area.

Recovering consciousness in the den of the enemy, and knowing that the place was the enemy's, Comrade Kim Yong-kil suddenly sat up and asked the enemy to return his military uniform. However, there was no badge with the portrait of the great leader [suryongnim] on the military uniform which the enemy brought to him. Barely repressing his indignation, Comrade Kim Yong-kil shouted to the enemy: "Where did you put the badge with the portrait of the great leader [suryongnim]? Bring it immediately!" Thus, he again put on the badge with the portrait of the leader [suryongnim]. He demonstrated the lofty spirit of loyalty and filial piety of soldiers

of the KPA who want to live forever as fighters of the great leader [suryongnim] and of the respected and beloved comrade supreme commander. Thus, he froze the rascals' hearts with terror.

By correctly teaching the rascals how they should call the name of the respected and beloved comrade supreme commander, Comrade Kim Yong-kil obtained their surrender, in which they admitted they committed a crime subject to stern punishment. [applause]

By cherishing a thoroughgoing faith in the respected and beloved comrade supreme commander, Comrade Kim Yong-kil unswervingly struggled without wavering against the enemy's operation to ensure his defection.

With a view to breaking Comrade Kim Yong-kil's faith, the enemy showed him newspapers and recorded tapes that carried fabricated material stating that Kim Yong-kil had defected, and raved that "since the report of your defection was already made public to the world, North Korea would believe it. No matter how desperately you may persist, it will be of no use." However, Comrade Kim Yong-kil emphatically stated: "I am not a defector. Let me return to the bosom of the general." He thus strongly demanded his return.

This being the case, the enemy even attached filthy renegades to Comrade Kim Yong-kil in an attempt to make him defect to South Korea by creating an illusion of South Korean society, making him tour the streets of Seoul. The enemy said South Korea is a good place to live, that a gold watch and car would be given to him if he remained in South Korea, and that they would make him well off, thus presenting various honeyed words.

Nevertheless, Comrade Kim Yong-kil, who was fostered in the bosom of the socialist fatherland, refuted that South Korean society, which they claimed is good, is a corrupt antipopular society where the rich grow richer and the poor grow poorer. He resolutely stated: "You are trying to buy off my mind with gold, but it is useless. I have a souvenir watch sent from our respected and beloved comrade supreme commander. I am a revolutionary fighter of the respected and beloved supreme commander Comrade Kim Chong-il. Nothing can break the bloodline connecting father and son."

In particular, when the enemy urged him to go to Mt. Nam, saying he could view all of Seoul from the mountain, Comrade Kim Yong-kil did not abandon his faith in our own style of socialism, which has embodied the chuche idea. He said: I will not go there. When you go up into our Tower of the Chuche Idea, you can see not only Pyongyang, but the entire world.

With this ironclad faith, Comrade Kim Yong-kil's eyes never wandered, even when the enemy attempted to

subvert his mind by sending an alluring girl to him. When the rascals said the North reportedly intends to initiate reunification and asked him who would win, the North or the South, he scared them by saying in a dignified attitude: We will win. Our respected and beloved comrade supreme commander is the greatest general in the world and a matchless general. Our People's Army, under the leadership of the respected and beloved comrade supreme commander, will fight under the order of the comrade supreme commander, becoming guns and bombs. No one can match his strength in the world. [applause]

In addition, Comrade Kim Yong-kil fought at the risk of his death to remain faithful to his cause and will as a revolutionary fighter. Believing it was impossible to turn Comrade Kim Yong-kil's mind with any sort of persistent dialogue, scheme, or sweaty temptation, the enemy then desperately tried to make him surrender by employing violence and blackmail.

Three days after Comrade Kim Yong-kil was detained by the enemy, the rascals took him to a large room in a building located away from the haunts of men. They wrapped his eyes and head with black cloth and rushed toward him like a pack of wolves, cruelly kicking and punching his face, stomach, and thighs. Receiving such brutal violence, which would have knocked an ordinary man down on the floor bleeding, Comrade Yong-kil stood fast, keeping up his body and spirit. With extreme anger, the rascals pointed a gun at his breast, threatening: You may disappear, unknown to anybody, unless you obey us. We will let you live if you stay in South Korea, otherwise we will kill you.

At that time, with a manly braveness that no one can rival unless he is ready to die, Comrade Yong-kil expressed his firm determination to the rascals, saying: I am a fighter of the respected and beloved comrade supreme commander, whether I am alive or dead. If I am unable to return while I am alive, I will finally return to the bosom of the longed for general after I die.

Frightened by this stout faith and lofty spirit of a KPA soldier who had grown up in the bosom of the respected and beloved comrade supreme commander, the enemy could not dare to fire a gunshot. The three nights and four days Comrade Kim Yong-kil spent fighting against the enemy in the enemy's territory were indeed a period of his proud struggle to delightfully defeat the enemy politically, ideologically, spiritually, and morally with an invincible faith and will by which he remains unafraid even on a remote island, and by which he can overcome death as long as the respected and beloved comrade supreme commander exists. [applause]

Comrade Kim Yong-kil, a young soldier who has not experienced the severe trials of the revolution and who has served the military for only two years, was able to resolutely keep his revolutionary faith and cause, even in the enemy's den, maintaining an attitude worthy of a fighter of the respected and beloved comrade supreme commander, and glorifying his noble honor as a KPA soldier, because he had painstakingly raised his loyalty to the party and the leader [suryong] in ordinary times.

Entirely thanks to the respected and beloved comrade supreme commander's great confidence and love, Comrade Kim Yong-kil could return to the bosom of the fatherland after beating the enemy by fighting with the attitude of a KPA soldier. [applause] [end Pak recording]

He continued to stress that all soldiers should firmly trust and follow only the great general under any difficult situation, always holding the adamant faith that our country, our fatherland, exists; that we are always invincible simply because the respected and beloved General Kim Chong-il exists; and that we should devotedly defend the nerve center [sunoebu] of the revolution with the same spirit to defend a fortress by becoming guns and bombs, a spirit that was displayed by the fighters of the Seventh Regiment of O Chung-hup.

Next, Junior Sergeant Kim Yong-kil spoke.

[Begin Kim recording] I am Junior Sergeant Kim Yong-kil who, after being kept in custody by the South Korean puppets, has returned again to the bosom of the fatherly General Kim Chong-il thanks to the respected and beloved comrade supreme commander's benevolent trust and his wise leadership. [applause]

While performing my military duty, I drifted into a suddenly increased flood, losing consciousness. I was then kept in custody by the South Korean puppets for three nights. However, I have returned to the bosom of the fatherland, which I pined for so much in that horrible land of hell, and I am now being treated as a soldier who fought, keeping my revolutionary faith and fidelity. Indeed, I cannot express my joy.

My return to the bosom of the party and the fatherland is by no means thanks to the fact that I fought courageously. It is entirely because the respected and beloved comrade supreme commander is great, and because he took all possible measures to have me repatriated from the enemy. [applause]

According to my witness in South Korea, the enemies were all atremble at the revered name of the great General Kim Chong-il. Frightened by the great general's

chiding, the enemy made a racket of mobilizing an airplane and a car to send me back to the fatherland.

As we uphold the great general as our supreme commander, I stress that I am a fighter for General Kim Chong-il [words indistinct]. Indeed, our great comrade supreme commander is great, and I am a fighter for General Kim Chong-il [passage indistinct]. I had the firm faith of returning to the bosom of the fatherland without fail. Thus, I could keep my fidelity as a revolutionary fighter despite the enemies' tenacious appeasement, threats, and blackmail, while being detained in the enemy's area.

General Kim Chong-il, our father and the great supreme commander, who regards everyone of our People's Army soldiers as his blood son and revolutionary comrade, is a great man of the revolution who has rescued me. [applause] [end Kim recording]

Saying he deeply experienced that we cannot live even for a moment apart from the bosom of the respected and beloved general, and that the genuine life and value of revolutionary fighters lies precisely in breathing and acting according to the leader's [suryong] ideology and will within his bosom, Comrade Kim Yong-kil vowed he will become a bullet and bomb to resolutely defend the nerve center of our revolution while firmly cherishing deep in his heart the absolutely invariable faith that, as long as the respected and beloved general is with us, we will be victorious without fail.

Discussions were made at the rally.

First, Chon Sang-ki, a general officer, in the name of all officers and men of the People's Army, fervently welcomed Junior Sergeant Kim Yong-kil, who has returned to the bosom of the fatherland after winning victory in the fight against the enemy in the enemy's area, and thus fully displaying the mettle of the heroic KPA. He continued:

[Begin Chon recording] Although he was unexpectedly kept in custody by the enemies, Comrade Kim Yong-kil fought courageously, safeguarding and defending the lofty dignity of the great leader [suryongnim] and demonstrating the spiritual and moral features as well as the might of our people and People's Army united firmly in one mind around the great general.

As a commanding officer of the People's Army, I will uphold and follow only the respected and beloved comrade supreme commander, both in times of peace or gravity, and will prepare myself more firmly with loyalty and piety like Kim Chaek and O Chung-hup, who were endlessly loyal to his leadership. I will have all the soldiers in my unit be strongly armed with the do-or-die spirit of defending the leader [suryong] so that they may devotedly protect our comrade supreme

commander by turning their bodies into guns and shields.

As a commanding officer living on the eve of a fierce war, I will make all soldiers within my army unit intensify their combat preparations and combat ability in every way based on a chuche-oriented view of war. We will advance immediately upon the respected and beloved comrade supreme commander's order, and will crush the U.S. imperialist invaders first, then completely despise and obliterate the South Korean puppet clique and all the enemies who succumb to the U.S. imperialists. By doing so, we will highly worship the respected and beloved Supreme Commander Comrade Kim Chong-il in the square of reunification. We firmly swear that we will fulfill our duty as revolutionary warriors of the respected and beloved Supreme Commander Comrade Kim Chong-il. [applause] [end Chon recording]

Next, army officer Kim Myong-o and military cadet Kim Kwang-ho delivered speeches. They said in one voice that Junior Sergeant Kim Yong-kil could win after fighting against the enemy and return to the bosom of the fatherland simply because of the respected and beloved general's great love and trust for our soldiers. They added that upholding the respected and beloved comrade supreme commander's training order, they will sturdily prepare themselves as vibrant one-is-a-match-for-100 fighters who sweat in training and who will become fortresses, shields, guns, and bombs that will dependably protect the great general. Kim Kwang-ho said:

[Begin Kim recording] I will always trust and follow only the fatherly General Kim Chong-il, like a son does his father, and will become a true and faithful servant who never betrays him under any adverse situation. I will be an exemplary soldier who highly upholds the training orders from the comrade supreme commander, who aspires more to be a vibrant one-is-a-match-for-100 fighter, who maintains military discipline, and who effectively performs all military agendas. I firmly vow to devotedly defend the respected and beloved Supreme Commander General Kim Chong-il at the front line of the revolution by turning myself into a fortress and shield, and to become a gun and bomb on the road of the fatherland's reunification, loudly calling the great general.

Lastly, reflecting the hearts of all People's Army officers and men, I wish in a most humble manner that the respected and beloved General Kim Chong-il—the sun of our fate, the symbol of victory, the great leader of our party and our people, and the supreme commander of the KPA—has long life and good health for the

fatherland's reunification and for the completion of the chuche revolutionary cause. [applause, with hurrahs for Kim Chong-il] [end Kim recording]

The rally ended with the song "We Will Uphold the Nerve Center of the Revolution With Our Lives." As reported above, the soldiers' rally was held to welcome Junior Sergeant Kim Yong-kil, who had fought bravely in the enemy's den with a thorough faith in the party and the fatherland, and who finally returned to the fatherland.

DPRK Daily on Sentences Demanded for ROK'S Chon Tu-hwan, No Tae-u

SK0808040896 *Pyongyang KCNA in English*
0347 GMT 8 Aug 96

["Capital Punishment Urged" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — Death sentence, penal servitude for life and prison terms ranging from 10 to 15 years for those involved in the "December 12 incident" and the May 18 Kwangju massacre were recently demanded at the "Seoul District Court".

NODONG SINMUN today, commenting on this, says that the death sentence demanded for Chon Tu-hwan, the murderer, is quite natural and the fascist murderer deserves death sentence because his orders that "even 70 percent of Kwangju citizens may well be killed" resulted in the massacre of thousands of them.

Penal servitude for life and prison terms ranging from 10 to 15 years demanded for special-class criminal No Tae-u and other criminals are not meant to punish them. This is a transitional process for their acquittal, the analyst says, and continues:

Even when at the court the prosecution demanded "death sentence" and "penal servitude for life" for Chon and No, their facial expressions were "as reserved and calm as usual." This shows that they believe they can pin their hopes on the traitor Kim Yong-sam.

It is clear that the "death sentence" and "penal servitude for life" demanded for the murderers are based on the traitor Kim Yong-sam's concrete scenario to quieten public opinion and set them free under the pretext of "amnesty" or something like that.

The ostrich policy does not work on any one at all.

The Kim Yong-sam group should look squarely at the will of the angered people and condemn all those involved in the Kwangju massacre to death as demanded by them.

DPRK: Nampo Friendship Delegation Returns From PRC

SK0708051496 *Pyongyang Korean Central Broadcasting Network in Korean*
0100 GMT 5 Aug 96

[FBIS Translated Text] The Nampo friendship delegation led by Pang Yong-tok, chairman of the Nampo Municipal Administrative and Economic Committee, returned from a visit to the PRC on 4 August by train.

Receiving the delegation at the Pyongyang Station were (Kim Yong-suk), vice chairman of the Nampo Municipal Administrative and Economic Committee, and (Yang Chengtai), councillor of the PRC Embassy in the DPRK.

DPRK: Meeting Marks Atomic Bombing of Hiroshima, Nagasaki

SK0708031496 *Pyongyang KCNA in English*
0245 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — A meeting marking the 51st anniversary of atomic bombing on Hiroshima and Nagasaki of Japan was held here Tuesday under the cosponsorship of the Korean National Peace Committee, the Korean A-bomb Victims Association for Anti-Nuke Peace, the Korean Anti-Nuke Peace Committee and the Korean Doctors Association for Anti-Nuke Peace.

Yi Song-ho, vice-chairman of the Korean National Peace Committee, made a report at the meeting, which was followed by speeches.

The reporter and speakers noted that A-bombs dropped on Hiroshima and Nagasaki in August 1945 claimed hundreds of thousands of lives and reduced the cities to ruins and that the aftermath has not yet been cleared away.

They expressed deep concern over the reckless nuclear arms buildup and war moves by the United States and other nuclear powers, which may cause another tragedy as in Hiroshima and Nagasaki and inflict nuclear calamities upon humankind again.

They said that an important way for removing nuclear arms and building a nuclear-free world is to create nuclear-free, peace zones in different parts of the world. What is urgent above all is to turn the Korean peninsula, the region which is in the greatest danger of nuclear war at present, into a nuclear-free, peace zone, they added.

They stressed that in order to make the Korean peninsula a nuclear-free, peace zone, promote peaceful reunification and ensure peace and security in Asia and the rest of the world, it is necessary, at present, for the United

States to honestly implement the DPRK-U.S. agreed framework and actively respond to the replacement of the present armistice agreement with a peace agreement and the establishment of a new peace-keeping mechanism on the Korean peninsula.

DPRK: Hwang Chang-yop Meets Japanese Chuche Study Delegation

SKD608104996 Pyongyang KCNA in English
1043 GMT 6 Aug 96

[FBIS Transcribed Text] Pyongyang, August 6 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, met and had a friendly talk with the visiting delegation of the Society for the Study of the Chuche Idea of Japanese teachers led by President Kazuhiko Seino here today.

DPRK: Second Japanese Chuche Study Delegation Arrives

SKD808114896 Pyongyang KCNA in English
1129 GMT 8 Aug 96

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — The second Japanese delegation for the study of the chuche idea led by Koichi Miyoshi, vice-president of the National Liaison Council of Societies for the Study of the Chuche Idea, arrived here today by air.

DPRK: NODONG SINMUN Commentator Article on Ties With Japan

SKD808091196 Pyongyang KCNA in English
0850 GMT 8 Aug 96

["On Fundamental Question of DPRK-Japan Ties; Commentator's Article of NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — NODONG SINMUN today comes out with its commentator's article entitled "On Fundamental Question of DPRK-Japan Relations".

The commentator says:

Although they are nearby from the geographical point of view, the Democratic People's Republic of Korea and Japan have taken the road contrary to friendship and cooperation. This is because the liquidation of the past, a key to the improvement of DPRK-Japan relations, has not yet been realised.

With the bitter feelings pent up for centuries left intact, one cannot expect any dramatic improved relations between the DPRK and Japan.

The destiny of DPRK-Japan relations depends on how the historical problem of liquidating the past is solved.

Japan is a country which has committed immeasurable crimes against the Korean people.

Accordingly, it should have made an adequate state apology and atonement for its crimes. There is nothing worthy of argument in this.

No matter how desperately Japan may try to justify its past crimes, it cannot evade its responsibility and obligation of compensation for them.

Clearly speaking, Japan has not yet atoned for any crime committed against the Korean people. As a result, its dishonor as a criminal state still remains.

The DPRK and Japan are still in hostile relations owing to the wrong attitude and stand of Japan, which does not implement its legal responsibility and moral obligation as the assailant for apologizing to and compensating the victim.

The best way of removing the hostile relations between the two nations is for Japan to liquidate its past.

The hostility cannot be removed without the liquidation of the past. Normalisation of the diplomatic relations between the two nations is to establish good-neighbourhood and friendship between them. So, it can be realised only when Japan liquidates its past.

As long as Japan refuses to liquidate its past crimes in having inflicted indelible sufferings, misfortunes and calamities upon the Korean people, the hostility between the two countries will never be removed nor will normal good-neighbourhood and friendship be forged.

The issue of liquidating the past, which has not yet been settled only between the DPRK and Japan, is precisely a major factor of continued hostility between them.

The hostility is a factor of instability in the Korean peninsula and northeast Asia.

The Japanese authorities are making a hue and cry over the fiction of a possible "crisis" on the Korean peninsula.

No effort is needed to guess that if Japan continues to follow the hostile policy against the DPRK while pursuing a friendly policy toward South Korea, shunning the changed realities and evading its responsibility for the liquidation of the past, this will seriously affect not only the stability on the Korean peninsula but also the security of Japan.

The Japanese authorities run riot with a wrong knowledge of our republic and people.

Surging high are the resentment and wrath of the Korean people against Japan, which is behaving arrogantly, describing the liquidation of its past as a "favour" for them.

Japan is free to improve its relations with the DPRK, or not. But, Japan's liquidation of its past is an unavoidable issue which brooks no further delay.

Japan will never live in peace as long as it refuses to liquidate its past.

DPRK: Japan's SANKEI SHIMBUN Report Makes Light of Flooding

SK0808093296 *Pyongyang KCNA in English*
0909 GMT 8 Aug 96

["Despicable, Inhumane Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — The Japanese SANKEI SHIMBUN August 3 quoted South Korea's "National Unification Board" and "YONHAP News Agency" as saying "North Korea's damage has been limited to a few areas" and "it is not such serious as reported."

It goes without saying that the newspaper's quotation, which is called a dispatch from Seoul, was aimed at intentionally minimizing the DPRK's flood damage and spoiling the tendency of the international community's sympathy and humanitarian assistance for the victims.

As already reported, some areas of the DPRK were damaged seriously by heavy rains. The July 29 KCNA report gave details of the damage. At that time, the SANKEI SHIMBUN made no comment on it. When the South Korean puppets launched a smear campaign against the DPRK, however, it joined them, revealing its true colors as a hack newspaper.

It is an international practice out of humanitarianism to console and assist victims of disasters, irrespective of ideology and system.

As soon as the DPRK's flood damage was reported, foreign media flashed the news and its neighbours and international organizations expressed sympathy and humanitarian concern.

But the South Korean puppets and their mouthpiece, the SANKEI SHIMBUN, hurt the victims, alleging that "the damage is inconsiderable". This is an outright challenge to the international community, which values humanitarianism and human morality.

They must clearly know that their anti-ethnic, inhuman act will only bring disgrace on themselves.

DPRK: Yi Chong-ok Receives Departing Russian Ambassador

SK0608092196 *Pyongyang KCNA in English*
0915 GMT 6 Aug 96

[FBIS Transcribed Text] Pyongyang, August 6 (KCNA) — Vice President Yi Chong-ok met and had a talk with Russian Ambassador to Korea Yuriy Fadeyev, who paid a farewell call on him, at the Mansudae Assembly Hall today.

DPRK: Meeting, Photo Show Mark Birthday of Cuba's Castro

SK0708031296 *Pyongyang KCNA in English*
0241 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — A meeting and a photo show were held here Tuesday to celebrate the 70th birthday of Comrade Fidel Castro Ruz, the supreme leader of the Cuban revolution.

Invited to the meeting were Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and his embassy officials.

Chairman of the State Education Commission Choe Ki-yong, who is chairman of the Korea-Cuba Solidarity Committee, vice department director of the Workers' Party of Korea Central Committee Choe Chin-su, other officials concerned and citizens were present there.

Speeches were exchanged there.

Prior to the meeting, the participants appreciated pictures introducing the proud achievements the Cuban people have made in different sectors of socialist construction under the leadership of Comrade Fidel Castro.

DPRK: Delegation From Thai University Arrives 7 Aug

SK0708110396 *Pyongyang KCNA in English*
1030 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — A delegation of Thammasat University of Thailand led by Vice Chancellor Kundhol Srisaembhok arrived here today by air.

DPRK Envoy Presents Credentials to Butrus-Ghali

SK0808023496 *Pyongyang Korean Central Broadcasting Network in Korean*
0100 GMT 20 Jul 96

[FBIS Translated Text] Kim Hyong-u, new DPRK representative to the United Nations, presented his credentials to UN Secretary General Butrus Butrus-Ghali on 17 July.

During the meeting, the representative conveyed the great leader [widaehan yongdoja] Comrade Kim Chong-il's greetings to UN Secretary General Butrus Ghali. The UN Secretary General expressed deep gratitude, and asked the representative to convey his sincere greetings to the great leader [widaehan yongdoja] Comrade Kim Chong-il.

The UN secretary general said he hopes that eternal peace and reunification will be realized as soon as possible on the Korean peninsula. The presentation was attended by UN undersecretaries general in charge of security, administration and development, and peace keeping; assistant secretaries general; the deputy representative and minister of the DPRK permanent mission to the United Nations.

DPRK: Guyanese, Mongolian Groups Support Solidarity With Koreans

SK0708100196 *Pyongyang KCNA in English*
0948 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — Meetings were held in Guyana and Mongolia on July 27 to close the June 25- July 27 month of international solidarity with the Korean people.

Speeches were made at the meetings.

Robert Williams, chairman of the Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song, said the government and people of the DPRK put forward the most realistic and peaceful proposals one after another to prevent armed conflicts, remove the danger of war and ensure peace on the Korean peninsula.

"We will continue to extend invariable support and solidarity to the Korean people in their just struggle," he declared.

Peter Persaud, leader of the Amerindian Action Movement of Guyana, said nobody in the world can match the invincible strength of the Korean people, who have been closely rallied around supreme commander Comrade Kim Chong-il in one mind.

The United States and the South Korean authorities should squarely see the situation and not act rashly, he stressed.

J. Tsevelmaa, vice-chairman of the Mongolia-Korea Friendship Society, said the Korean people are pressing ahead with socialist construction under the leadership of His Excellency Kim Chong-il, true to the last teachings of his excellency President Kim Il-song.

"We will continue vigorous activities for solidarity with the Korean people's struggle," she said.

DPRK: Legends Tell Kim Chong-il's Feats in Construction

SK0808103096 *Pyongyang Korean Central Broadcasting Network in Korean*
2225 GMT 6 Aug 96

[Talk show, "The Great Man Who Tames Nature," with Kim U-kyong, writer of the Korean Writers Union; Pang Su-in, deputy director of the Party Member Shock Brigade; O Chi-ho, worker at the Hamhung Equipment Plant; and an unidentified station reporter]

[FBIS Summary] The 12-minute talk show praises Kim Chong-il's leadership in construction by relaying legends. During the "70-day battle" in 1974, a certain ore was urgently needed, but the mine that produced the ore was closed and the ore resource exhausted. However, Kim Chong-il sent a functionary to work on the mine. The functionary found an ore deposit in the deserted mine, and in less than one month had excavated an amount of ore equivalent to two to three years of output in the past. Legend holds that the earth god was impressed by the 70-day battle and moved the ore there.

Kim Chong-il planned the construction of the Tower of the Chuche Idea to celebrate the 70th birthday of Kim Il-song. The engineers had a difficult time selecting the site, but Kim Chong-il made the selection at once. A geological survey team found granite under the site Kim Chong-il pointed out. Legend has it that granite on the west coast moved to the location after Kim Chong-il designated the place.

When Kim Chong-il appears, twin rainbows and mirages often follow him.

Kim Chong-il also designated a site for a metallurgy plant in a northern area, which turned out to be an ideal site with enough rocks and water. The speaker said that Kim Chong-il "could see a thousand ri away while sitting."

A legend is told in foreign countries about the Sohae Lockgate. A large dragon lived with its four younger brothers on the lower banks of the Taedong River and the West Sea. They caused floods in July and August. One day, the third younger brother told the big brother that the second brother was missing. A strong man of Mt. Paektu had caught the second brother and blocked the Taedong River, that is, the second brother dragon had been turned into a dam. A few days later, the fourth younger brother came to say that the third brother also became a dam. The rest of the dragon family, including the big brother, were caught by the strong man to fill the sea and complete the Sohae Lockgate. This is why the Sohae Lockgate is in the shape of a dragon.

In conclusion, the speakers praise Kim Chong-il as "a genius of creation and construction."

DPRK: Kim Chong-il Thanks Sinso School, Koryo Store, Others

SK0708030996 *Pyongyang KCNA in English*
0237 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to the teachers and schoolchildren of the Sinso Senior Middle School in Kaepung County, Kaesong municipality, for highly displaying their communist traits.

They have planted and raised rare flower and fruit trees with great care at revolutionary sites including the old house of President Kim Il-song in Mangyongdae for several years.

He also sent thanks to officials and employees of Koryo store for their sincere support to the People's Army and to Yi Kyong-hwan, reporter of the Kum Song Youth Publishing House, and his wife for their material and moral assistance to the working class of the Musan mining complex.

DPRK: ROK Soldiers 'Ardently Revering' Kim Chong-il

SK0708093696 *Pyongyang KCNA in English*
0918 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — South Korean puppet army soldiers are ardently revering the great leader Comrade Kim Chong-il.

An operations officer of the Joint Chiefs of Staff Headquarters, asked "How do you think about the North's military strength?", said the independent military equipment of the North under the matchless general startles the world people. Another officer, agreeing with him, said General Kim Chong-il has built an invincible Air Force and powerful motorized troops adapted to super war methods and tactics.

A reserve General Kim said the high spirit of the North's army is based on the justness of its cause and the conviction of victory in a war and, especially, it stems from its great pride in enjoying the leadership of General Kim Chong-il, a peerless brilliant commander who has developed the Army to be elite armed forces.

An officer said: "The 'civilian' rulers want to 'unify the country by absorbing the North.' But it is a daydream of those who have no knowledge of the North's military potentials, particularly of Supreme Commander Kim Chong-il."

Another serviceman said there is no doubt that if a war breaks out in the Korean peninsula, South Korea will be enveloped by flames in a few minutes. "This is what most of other servicemen think," he added.

DPRK: Nigerian Head of State Sends Gift to Kim Chong-il

SK0808035696 *Pyongyang KCNA in English*
0323 GMT 8 Aug 96

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — The great leader Comrade Kim Chong-il received a gift from Sani Abacha, head of state and commander-in-chief of the armed forces of the Federal Republic of Nigeria, and his wife.

It was handed to an official concerned by his son Abdullahi Sani Abacha.

DPRK: Visiting Overseas Koreans Pay Homage at Kumsusan Palace

SK0708031096 *Pyongyang KCNA in English*
0238 GMT 7 Aug 96

[FBIS Transcribed Text] Pyongyang, August 7 (KCNA) — A home-visiting group of students of Choson University under the General Association of Korean Residents in Japan, a soccer team of the Korean primary schoolchildren in Japan and other overseas Koreans on Tuesday visited the Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state.

The visitors made bows to Generalissimo Kim Il-song at the palace after expressing respects before his statue.

Then they saw round with keen interest a train car used by the president for his on-site guidance and foreign trip, and a car he used in the last days of his life.

DPRK: Japanese Delegation Visits Kumsusan Memorial Palace

SK0808041296 *Pyongyang KCNA in English*
0331 GMT 8 Aug 96

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — The first Japanese delegation for the study of the chuche idea with Shuhachi Inoue, director general of the International Institute of the Chuche Idea, as its general head and Seichi Sakugawa, president of the National Liaison Council of Societies for the Study of the Chuche Idea and former president of Okinawa University, as its head on Wednesday visited the Kumsusan Memorial Palace where the great leader President Kim Il-song lies in state.

The visitors made bows in humble reverence to President Kim Il-sung at the palace after expressing deep respects before his statue.

The general head wrote in the visitor's book that the leader Kim Chong-il is the same image of President Kim Il-sung and vice versa and the entire members of the delegation have become convinced of the victory of the *chuche* idea at the palace.

The head of the delegation wrote that the great President Kim Il-sung, who founded the great *chuche* idea and built the republic based on it, will remain alive forever in the hearts of not only the Korean people but also the world peoples.

The *chuche* philosophy fathered by the president will become the great guiding idea for humankind in the 21st century, he added.

The palace was also visited by the delegation of the society for the study of the *chuche* idea of Japanese teachers led by its president Kazuhiko Seino.

Kazuhiko Seino wrote in the visitor's book: "The cause of President Kim Il-sung, founder of the *chuche* idea and the great leader of the Korean revolution, will be everlasting."

**DPRK: Choe Kwang Attends Ceremony
Commending Work on Kumsan**

SK0808100296 *Pyongyang KCNA in English*
0831 GMT 8 Aug 96

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — Official commendations were given to soldiers of the Korean People's Army [KPA], builders and helpers who performed remarkable feats in the construction of the Kumsan Power Station.

The men of the KPA completed grand nature-transformation projects including a 40 km waterway tunnel by displaying unparalleled mass heroism and noble self-sacrificing spirit, true to the last teachings of the great leader President Kim Il-sung and the order of the respected supreme commander Comrade Kim Chong-il.

According to decrees of the Central People's Committee of the Democratic People's Republic of Korea, the title of labour hero of the DPRK was awarded to over 60 soldiers, builders and helpers and, the order of Kim Il-sung to three others.

The Kim Il-sung Youth Honour Prize was awarded to over 120 persons, the title of merited driver to five drivers, the order of the national flag first class to over 340 persons and a unit, the labour order to over 3,060, the order of the national flag second class to over 7,250,

the order of a soldier's honour first class to over 7,150, the order of the national flag third class to over 29,250, the order of a soldier's honour second class to over 28,300, the distinguished service medal to over 7,060 and the medal of merit to over 14,170.

Wrist watches bearing the august name of President Kim Il-sung were awarded to over 250 persons and letters of commendation of Comrade Kim Chong-il to over 270 persons and 22 units.

Gifts of Comrade Kim Chong-il were conveyed to the KPA soldiers.

A ceremony was held to award official commendations and gifts to the soldiers who performed brilliant feats in the construction on August 7.

Choe Kwang, Politburo member of the Workers' Party of Korea Central Committee and minister of the People's Armed Forces, and KPA Vice Marshal Cho Myong-nok, director of the general political department of the KPA, were present at the ceremony.

A letter of pledge to Comrade Kim Chong-il was adopted at the ceremony.

DPRK: Paper Describes Party's Role in Leading People

SK0808100596 *Pyongyang KCNA in English*
0856 GMT 8 Aug 96

[FBIS Transcribed Text] Pyongyang, August 8 (KCNA) — NODONG SINMUN today carries a by-lined article headlined "Great Leadership Makes Us Live Our Own Way".

The author of the article says:

The Workers' Party of Korea [WPK] is leading the Korean people to live their own way. Above all, it guides all party members and working people to think and behave with their own soul in any circumstances.

The WPK, which considers independence to be most important, is leading the Korean people to deal with all questions arising in the revolution and construction on the basis of their own faith and judgment and from an independent stand at all times.

In recent years, the respected General Kim Chong-il published many works, making a correct analysis and judgment, from the *chuche*-based stand, of the frustration of socialism in some countries, and led party members and Working People of Korea to fight with their own soul.

The WPK formulates all lines and policies independently in conformity with the demands and wishes of

the Korean people and also develops relations with foreign countries on the basis of independence.

The WPK also persuades the people to iron out all questions arising in the revolution and construction with their own efforts in keeping with the actual situation of Korea.

The WPK advanced the line of building the self-reliant national economy long ago and has led the people to build and develop the industry, agriculture and culture their own way. Today when the revolution and construction are at a high stage, it still maintains this principle.

The WPK is these days leading the people to keep and develop the superior Korean way of economic management and develop science and technology constantly from the *chuche* stand in keeping with the realities of Korea.

The WPK leads the Korean people to resolutely defend and carry into practice the *chuche*-based revolutionary principle and stand.

Although socialism has suffered setbacks in some countries and the imperialists and reactionaries are mounting their offensives, the WPK, led by General Kim Chong-il, maintains the principle of *chuche* and leads the Korean people to vigorously go ahead along the road chosen by themselves.

South Korea

ROK Paper Reports U.S. Approval Rate for ROK Defense Exports

SK0508002596 (Internet) *The Joong-Ang Ilbo* WWW in English 5 Aug 96

["U.S. Hinders Seoul's Exports of Weapons to 3rd Countries" — *Joong-Ang Ilbo* headline]

[FBIS Transcribed Text] "100,000 dollars out of 370 million dollars; a rate of 3: 100,000." This is the sum the United States approved for South Korea's requests on the approval of exports of weapons to third countries last year.

According to data the Defense Ministry submitted to the National Assembly Saturday, the domestic defense industry requested United States' approval of 370 million dollars worth of weapon exports to third nations.

The United States approved 33 percent of the requests, but dollar-wise, this amounts to 100,000 dollars, or 0.03 percent of the total.

ROK: Visa Waiver Bill for ROK Tourists Proposed to U.S. Congress

SK0808062896 Seoul *THE KOREA HERALD* in English 8 Aug 96 p 8

[FBIS Transcribed Text] A bill to waive visa requirements for Korean nationals traveling to the United States in tour groups has recently been submitted to the U.S. Congress for approval.

According to the Korea Trade-Investment Promotion Agency (KOTRA)'s Washington Trade Center, Reps. Jay (Chang-chun) Kim, a Korean-American, (R-Calif.) and Neil Abercrombie (D-Hawaii) introduced a 3-year visa waiver pilot program for Koreans visiting in tour groups.

Submitting the bill, Kim said the U.S. Embassy's Consular Affairs Office in Seoul is understaffed, overworked and unable to meet the demands of reviewing over 2,000 visa applications per day.

"This unfortunate situation has resulted in extremely long lines of potential tourists to the United States who are growing more and more impatient, annoyed and disheartened with the way they are being treated," Kim told the House of Representatives Aug. 2. "This has resulted in growing sentiments of discontent with the United States," he added.

The legislation would establish a 3-year pilot program that will waive visa requirements for Korean nationals traveling to the United States in tour groups. Under the program, selected travel agencies in Korea will be allowed to issue temporary travel permits. The applicants will be required to meet the same prerequisites required by the U.S. Embassy.

This pilot program will also include additional restrictions to prevent overstays, such as limiting the stay to no longer than 15 days, requiring visitors to have round-trip tickets, and restricting visitors to those who pose no threat to the welfare, health, safety or security of the United States. The tour operators must post a \$200,000 bond with the secretary of state, and will be penalized if a visitor fails to return on time.

Tour operators will be required to provide written clarification of the on-time return of each visitor in a tour group and the secretary of state or attorney general can terminate the program if the overstay rate exceeds 2 percent.

Kim said, "The United States must work to ensure its place in the travel and tourism industry by opening our doors to an economy which has been growing continuously over the past decade—South Korea."

Kim feared that Koreans are fed up with waiting and are going to Canada, which has a waiver policy toward Korea. "We stand to lose millions of dollars and thousands of American jobs because of our broken visa system," he added.

In March, a similar bill was submitted to the U.S. Senate by Sen. Daniel Inouye (D) of Hawaii.

In fiscal year 1995, 394,044 U.S. nonimmigrant visas were issued to Korean travelers of which 320,120 were tourist visas.

ROK: Various U.S. Charities Provide DPRK With Flood Relief

SK0808033696 Seoul YONHAP in English
0202 GMT 8 Aug 96

[FBIS Transcribed Text] Washington, Aug. 8 (YONHAP) — Various American non-governmental organizations plan to expand and diversify their contacts with North Korea and engage in active relief efforts for the victims of last year's devastating floods there.

According to a report released Wednesday by Interaction, a group comprising 150 charity groups worldwide, 12 U.S. charities including the American Red Cross (ARC) and World Vision International (WVI) are positively supporting the relief effort for flood victims in North Korea with food, medical and clothing donations.

In light of the new wave of floods to hit the North, such organizations are planning to continue setting up relief efforts for such victims along with the U.S. Government and the United Nations' World Food Program.

The charities dispatched their own representatives to the North to learn the situation there and formed a consortium for aiding North Korea last month. They are to open their office in Pyongyang soon, according to the report.

The ARC has donated 70,000 U.S. dollars for 130,000 flood-stricken residents in mid-western North Korea since September last year. Between last November and March this year, it sent 3,300 tons of rice, 65,000 blankets, 35,000 quilts, 100,000 packages of instant noodles. It plans to send a total of 12,285 tons of rice, 3,730 tons of beans and 364,000 liters of cooking oil by October.

WVI has donated 1.6 million dollars in seeds and 1.25 million dollars in rice, medical supplies, noodle processors and clothing.

Additionally, the Catholic Relief Service has already sent corn and beans to the North and plans to send rice bought from Thailand and Vietnam. Other U.S.-

based organizations, including Church World Service and Luther World Relief, have donated rice, corn, grain, dry milk, medical supplies, clothing and shoes to the North.

The American Friends Service Committee and Food for the Hungry, in addition to sending such relief supplies as grains and medical aid to the North, have engaged in educational assistance.

ROK: Catholics Campaign To Provide Noodles to DPRK

SK0408080596 (Internet) The Digital Chosun Ilbo
WWW in English 1155 GMT 3 Aug 96

[FBIS Transcribed Text] The National Reconciliation Committee of the Seoul District Catholic churches decided Saturday [3 August] to commence a two year campaign to supply noodles to North Korean comrades suffering from a severe food shortage. Each church in the district will begin special prayers from next Tuesday and on Sunday August 11 a special lecture will be held after which fund-raising activities will go into full swing.

With money raised the Committee plans to purchase flour to make noodles from China and send it to the north. It will also supply noodle-making machines to the North. Already the US Korean Catholic church is supplying noodles to the North.

The Committee said that for the cost of one meal to a South Korea enough flour to make one month of noodles could be provided. Members of the church will donate for two years 0.2% of their salaries to the campaign fund.

ROK Plans To Ship \$1 Million Worth of Powdered Milk to DPRK

SK0608013196 Seoul YONHAP in English
0022 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — One million U.S. dollars worth of non-fat powdered milk is scheduled to be shipped to North Korea from Incheon before the end of the month.

The Agriculture, Forestry and Fisheries Ministry disclosed Tuesday its plan to ship the non-fat powdered milk from Incheon to Nampo in the North before Aug. 31. The shipment of relief goods is expected to be completed by Sept. 10 at the latest, a ministry spokesman said.

Under a free contract the ministry signed with the National Livestock Cooperatives Federation July 27, seven

livestock cooperatives including the Kangwon Provincial Livestock Cooperative have supplied 1 million dollars worth of fat-free powdered milk.

The Health and Environment Research Institute in South Kyongsang Province was asked to test the sanitary status and quality of the powdered milk July 30, according to the spokesman.

Since the powdered milk is primarily for babies and children, the United Nations Children's Fund (UNICEF), which has arranged the relief program, has reportedly asked Seoul to test it for radioactive contamination in addition to the normal sanitary and quality inspection.

ROK: Group Sends Members to DPRK To Offer Rally Invitation

SK0608081096 Seoul YONHAP in English
0737 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — The Korean Federation of University Student Councils or Hanchongnyon said Tuesday that they have dispatched two members to North Korea to invite students there to attend a "pan-national unification festival" to be staged by Pomchonghangnyon or an outlawed federation of "Pan-National Democratic Youths and Students" in Seoul next Tuesday (13 August).

Speaking to reporters at Yonsei University, federation leaders said that Yu Sae-hong, a student at Choson University, and To Chong-hwa of Yonsei University left the country Sunday and are to enter North Korea Tuesday via China or a European or American country.

"The duo will attend a Pomchonghangnyon conference slated to be held in either Beijing or Pyongyang Saturday in their capacity as representatives from the South and return to Seoul through Panmunjom with representatives from the northern side Tuesday," they said.

ROK Checks Possibility That Missing Writer Defected

SK0408005796 (Internet) The Joong-Ang Ilbo WWW in English 4 Aug 96

[FBIS Transcribed Text] The South Korean government is currently looking into the past activities of Kim Yong (pen name Kim Ha-ki), an author who vanished on July 30 while on a trip to China. The government is investigating whether or not Kim could have voluntarily defected to North and is waiting for the results of an investigation by Chinese security authorities. However, Kim's wife and relatives adamantly deny the suspicions, saying that Kim would "never have gone to North Korea

of his own," and are emphasizing the possibility of an abduction.

ROK: Four North Koreans Said To Seek Asylum in Germany

SK0808015496 Seoul THE KOREA HERALD in English 8 Aug 96 p 1

[FBIS Transcribed Text] Four North Koreans have been asking for political asylum in Germany after smuggling into the European country early this year, a South Korean Foreign Ministry official said yesterday.

They recently filed a suit to a German regional court in Ludwigsburg against a decision by the German authorities on screening refugee status to dismiss their asylum applications, he said.

The official said, however, their identification and the motives behind their wish for asylum have not yet been confirmed.

The CHOSON ILBO, a mass-circulation vernacular daily, said in a dispatch from Bonn the four asylum seekers are all men in their 30s or 40s.

Quoting Korean residents in Germany, the paper said two of them entered Germany by land via Spain and the Netherlands and the others flew into Frankfurt around February or March.

The North Koreans, who are now being detained in two refugee camps, are demanding they be allowed to settle in Germany and refuse to come to South Korea, according to the residents.

They were also quoted as saying the North Koreans speak a foreign language a little and one of them revealed he had worked as supervisor of a food distribution center in North Korea.

ROK Embassy Withholds Action on Asylum Seekers in Germany

SK0808050896 Seoul YONHAP in English
0501 GMT 8 Aug 96

[FBIS Transcribed Text] Berlin, Aug. 7 (YONHAP) — The South Korean Embassy in Germany does not intend to take any steps for the four North Koreans reportedly seeking asylum unless German authorities formally request their cooperation.

Amb. Hong Sun-yong disclosed such a stance in a telephone interview with YONHAP Wednesday, noting that the embassy has not been given any formal notice about the asylum seekers from the German Government.

Their identities are unclear and they have not expressed a desire to go to South Korea, Hong said.

Although the asylum seekers are said to speak Korean, there is no evidence to conclude they are North Koreans, Hong added. They can be ethnic Koreans from China or Russia, he said.

To take rash steps under such circumstances might touch off a diplomatic conflict between the two Koreas and with Germany, Hong cautioned.

The state-appointed defense attorney for the asylum seekers notified the embassy that their asylum applications were turned down by German authorities, and that an appeal has been filed.

Except that they entered Germany in February, however, nothing has been disclosed about them as to their identification, nationality, age, occupation or motives for seeking asylum.

ROK Government's Handling of Activist Groups Questioned

SK0808033496 (Internet) *The Digital Chosun Ilbo*
WWW in English 1203 GMT 8 Aug 96

[Editorial: "It's Time for the Law to Speak Out"]

[FBIS Transcribed Text] There exists a very perplexing matter. Are groups sympathetic to the North which voluntarily collaborate in joint activities with the North in the absence of government permission acting lawfully or do they act illegally in an anti-national way. For example the groups Hanchongnyon, Pomchonghangnyon, Pomminnyon etc. in the absence of government permission create joint organizations and plan joint events under banners such as the withdrawal of U.S. Forces or the creation of a unified federation on the peninsula yet the government has made no declaration to date as to whether these groups are acting within the law or outside it.

Of course the authorities habitually dish out punishment to individual members of these groups for carrying out unlawful acts, such as the making of unauthorized visits to the North, yet the government has given no authoritative pronouncement as to whether the overall behaviour of the groups themselves is legal or otherwise illegal for, say, their being unconstitutional.

The groups exist constitutionally within the law. We have to consider whether it is just that only particular staff and members of the groups should be punished for engaging in illegal activities. If not, then we need to next consider whether the central leadership and decision-makers within the groups have exhorted their members to merely commit simple breaches of the South-North Interchange-Co-Operation Law or whether they have authorized more serious breaches of the National Security Law, in the latter case there being

good grounds for the total disbandment of the groups due to their being construed as inherently anti-national in their make-up.

Our preliminary thought is that if the individuals of these groups do not engage in activities which contravene the provisions of the National Security Law and refrain from the commission of acts of insurrection then it is appropriate that only they be punished rather than the groups as a whole. However, if the central organizing committees in their administration of the groups evince openly and effect actual infringements of the National Security Law or acts of insurrection then the courts ought to be required to decide whether the group itself is constituted in such a way that is ought to be regarded as anti-national.

In any event, only the law can provide the answers to all these questions and we ourselves must wait to hear the view of the law before making a final determination on these matters. These groups openly advertise the fact that they send facsimiles to the North, dispatch delegates to the North and plan joint activities with the North. Common sense tells us that it seems that these organizations are ignoring the rules of order in the South while leaning strongly towards the standpoint of the North. The fact that the government and judiciary sanction against activities of individuals only and allow these organizations to continue to exist without their being subject to any strict legal regulation is confusing. In this regard we hope that the authorities as quickly as possible air their opinions as to this problem thereby putting to rest the concerns of the people.

ROK: Return of DPRK Bodies Seen as 'Improvement' in S-N Ties

SK0808051396 *Seoul THE KOREA HERALD*
in English 8 Aug 96 p 2

[FBIS Transcribed Text] South Korea's repatriation of four North Korean bodies seems to signal a rapid improvement in inter-Korea relations. The South Korea National Red Cross (KNRC) returned two bodies of North Korean soldiers and the other two of North Korean fishermen to the North through the truce village of Panmunjom yesterday.

The bodies of the apparent drowning victims drifted down to the South when heavy floods hit the North in late July. Liaison officers of KNRC and its North Korean counterpart met at Panmunjom Aug.6 to discuss the return of the North Korean bodies.

It was the first contact between South and North Korean Red Cross officials since they met on the return of a North Korean freighter and its surviving crewmen which

was hit by a storm and rescued by the South in the East Sea [Sea of Japan] last March. On July 29, South Korea returned a North Korean soldier, Staff Sgt. Kim Yong-kil, who was swept to the South by the flood-swollen river.

South Korean government officials said that North Korea has responded exceptionally swiftly to South Korea's call for contact in the last few weeks. "North Korea seems to be trying to improve relations with the South in order to acquire further economic assistance for its flood victims," a government official said.

Torrential rains hit North Korea late last month, damaging crops and leaving hundreds homeless. The official also said that North Korea is likely to return Kim Yong, a South Korean novelist currently being detained in Pyongyang, to Seoul soon.

Kim was taken to North Korea July 30 when he mistakenly crossed the northern border in China while he was intoxicated. KNRC had earlier asked its counterpart to return Kim on humanitarian grounds and is awaiting Pyongyang's response.

The South Korean government official said that North Korea is apt to send Kim back to Seoul because the Communist country stated Kim's case as a "violation of the northern frontier." The North Korea Central News Agency reported Tuesday that Kim had illegally crossed the North Korean borders, indicating that Kim will be expelled from North Korea and repatriated to his home country.

"The North Korean government did not proclaim Kim as a defector, unlike Rev. An Song-un, who the North claimed had willingly defected to Pyongyang and is being detained in the North," the official said. Rev. An Song-un disappeared in China in July 1995 and was reported to have been kidnapped by North Korea.

He said that North Korea is trying to avoid any diplomatic conflict with China by calling Kim's case an illegal violation of borders, adding that the North is likely to return Kim to Seoul in the near future. He said that North Korea is also trying to abstain from any clash with the South Korean government because it wishes to expand economic cooperation with the South.

North Korea will hold an international investment forum in Najja- Soabong free trade economic zone next month and sent out invitations to South Korean corporations. Further, a joint factory established by South Korea's Daewoo Co. and its North Korean counterpart will start operations Aug. 19.

"If North Korea wishes to maintain and expand economic cooperation with the South, it is likely to return the South Korean novelist soon," the official said.

ROK: DPRK Daily Cited on Normalizing Ties With Japan

SK0508072696 Seoul YONHAP in English
0634 GMT 5 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 5 (YONHAP) — North Korea has warned that it will not normalize ties with Japan if Tokyo requires as preconditions the resumption of inter-Korean dialogue and Pyongyang's acceptance of the proposed four-way talks for peace on the Korean peninsula, Naewoe Press reported Monday.

"So long as Japanese authorities do not want to normalize relations with us, we have no wish to talk about establishing formal ties," said an editorial from Saturday's NODONG SINMUN, the organ of the North Korean Workers' Party.

The matter of liquidating Japan's past deeds against Korea, the paper said, unlike the diplomatic normalization issue, should be resolved by all means.

"Japan, as the offender, cannot avoid coming to terms with the atrocities it levied against us, the victims, and thus carries a historical responsibility and a legal duty."

ROK: Weak Japanese Yen Causes Shrinking Trade With Japan

SK0608064596 Seoul YONHAP in English
0312 GMT 6 Aug 96

[FBIS Transcribed Text] Trade with Japan has been shrinking quickly due to a weak Japanese yen which makes Korean products prohibitively expensive.

The Korea International Trade Agency (KITA) said Tuesday that Korea had 8.09 billion U.S. dollars in exports to Japan between January and June, a meager 0.9 percent rise from a year ago.

The nation's outbound shipments to Japan in January started smoothly with 1.3 billion dollars, up 17.7 percent from a year ago, but have declined for four straight months beginning in March, because of the diminished competitiveness of Korean-made goods.

Imports from Japan also fell 5.8 percent to 15.27 billion dollars during the six month period.

In January imports from Japan increased 19 percent to 2.31 billion dollars, but slowed for five consecutive months beginning in February, due to a decline in domestic capital investments.

As a result, KITA said, South Korean trade with Japan totaled 23.36 billion dollars during the first six months, down 3.6 percent from 24.23 billion dollars, producing a 7.19 billion dollar national trade deficit with Japan, down 1.02 billion dollars from 8.21 billion dollars the previous year.

ROK, Japan Discuss Revising Bilateral Fishing Treaty

SK0808080796 Seoul YONHAP in English
0731 GMT 8 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 8 (YONHAP) — South Korea and Japan held a meeting Thursday to revise the bilateral fishery treaty providing for a flag state principle in which Japanese maritime authorities are not allowed to catch Korean ships violating Japanese waters and vice versa.

During the talks, the second of its kind, Deputy Director General Yi Won-hyong of the Foreign Ministry's Asia and the Pacific Affairs Bureau demanded that the existing fishery treaty be revised toward the direction pursued by the United Nations Convention on the Law of the Sea, a ministry official said.

The convention calls for its member countries to adopt the coastal state principle in which coastal states have the right to apprehend ships of any countries which violate their waters.

The South Korean side, however, insisted that the talks for the revision of the current fishery treaty between Seoul and Tokyo should go parallel with the talks on demarcation of the 200-nautical-mile Exclusive Economic Zones between the two neighboring countries.

The Seoul side also claimed, during the fishery talks which will last until Friday, that the new bilateral fishery treaty to be agreed upon between Seoul and Tokyo should be one which will be harmonious with a similar treaty to be signed between Seoul and Beijing for a new fishing order in Northeast Asia.

Similar negotiations are under way between Seoul and Beijing and China favors the flag state principle.

The Japanese side meanwhile called for the early signing of a new fishery treaty stipulating the coastal state principle, complaining that illegal fishing by South Korean vessels has been exhausting fishery resources in the common fishery zone between the two countries.

South Korea, however, wants to take time in the fishery treaty negotiations with Japan to harmonize it with another fishery pact with China. Japan has insisted on the flag state principle when Seoul and Tokyo signed the

existing fishery pact decades ago to help better-equipped Japanese fishing boats violate Korean waters.

Seoul also considers introducing the Total Allowable Catch (TAC) system in which vessels of one country can operate in waters of the other on condition that they pay a certain amount of fees and catch a limited amount of fishery resources.

ROK: Food Imports Worth \$6.96 Million 'Unfit for Consumption'

SK0408010096 (Internet) The Joong-Ang Ilbo WWW
in English 4 Aug 96

[FBIS Transcribed Text] It was found that 5.6 billion won worth of agro-livestock and fishery products as well as processed food imported in the first half of this were either destroyed or returned, the Ministry of Health and Welfare and the Ministry of Agriculture, Forestry and Fisheries announced Saturday. 3,474 tons of agro-livestock and fishery products and processed food were found unfit for consumption in 441 separate cases (worth 6.96 million dollars or 5.6 billion won) as of the end of June.

ROK: Nuclear Power Plant Closed Following Radioactive Leak

SK0808043796 Seoul THE KOREA HERALD
in English 8 Aug 96 p 3

[FBIS Transcribed Text] A nuclear power plant in Yongkwang, South Cholla Province, was shut down yesterday because cooling water containing radioactive substance leaked from a pipe in the steam generator, the Korea Electric Power Corp. (KEPCO) said yesterday.

The nation's power monopoly said only a trace of cooling water leaked out and that the amount of radioactive substance detected was below the permissible level.

It added that the leakage had not contaminated the area around Yongkwang Nuclear Power Generator No. 2, some 322 km southwest of Seoul.

The leak took place early yesterday morning as a heat-conducting duct in a steam generator cracked, discharging cooling water laced with radioactivity.

But the cooling water was not discharged outside the power station because the steam generator was cut off, a KEPCO official said.

A small amount of radioactivity has leaked into the atmosphere through the ventilation system but it is negligible, given the permissible level set by the International Atomic Energy Agency, he said.

Technicians are conducting a thorough check and the power plant will be put into operation again probably toward the end of the month, the official said.

Earlier on July 18, another leakage of cooling water occurred in the nuclear power plant with a power-generating capacity of 950,000 kilowatt per hour.

The official said the shutdown will not affect the KEPCO's power supply.

Environmentalists and civic groups contended that radioactivity more than 100 times the permissible level has leaked from the power station, contaminating the air and the sea nearby.

Alleging that KEPCO is attempting to cover up the truth of the accident, they called on the power monopoly to reveal the results of its internal investigation.

Since 1987, the nuclear power plant has been shut down 19 times because of minor problems.

ROK: NPA Decides To 'Crack Down' on 'Shameful' ROK Travelers

SK0508002896 (Internet) The Joong-Ang Ilbo WWW in English 5 Aug 96

[FBIS Transcribed Text] In the future, Korean travelers who arouse criticism abroad by gambling or indulging in exotic food for health purposes, will be reported to domestic police through Interpol.

The National Police Agency [NPA] decided Saturday to strongly crack down on natives who bring great dishonor to the country in cooperation with Interpol. An increasing number of people are engaging in unseemly behavior abroad including the recent illegal slaughtering of wild bears in Thailand.

To this end, the National Police Agency will send an official dispatch to the 176 member nations of Interpol across the world, asking their cooperation in sending to the agency the list of Koreans caught in shameful conduct abroad and requesting them to take measures for their immediate return to Korea.

After receiving any names, the Korean police will take the offenders into custody upon their return and punish them in accordance with related laws.

ROK: Property Damage From Flood Estimated at \$653 Million

SK0508015996 Seoul YONHAP in English 0135 GMT 5 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 5 (YONHAP) — After the devastating flood that hit northern Kyonggi and northwestern Kangwon Provinces late last month 89 people have been reported dead or missing with property

damage estimated to be 531.29 billion won (653 million U.S. dollars), the central anti-calamity headquarters said Monday.

Sixty-nine soldiers were confirmed dead or listed missing in landslides that came in the wake of torrential rains July 26-28, according to a final tally from headquarters.

There were 35,631 people and 10,963 households displaced by the flood.

More than 1,200 homes and buildings were destroyed and 3,196 hectares of topsoil was washed away by the flood.

Kangwon Province was hit the worst with 322.6 billion won in property damage, followed by Kyonggi Province with 205.2 billion won, Inchon with 1.8 billion won and Seoul with 1.5 billion won.

Military losses total 96.86 billion won.

ROK: Flood Damages List 959,000 Dead Domesticated Animals

SK0608013696 Seoul YONHAP in English 0029 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, August 6 (YONHAP) — A total of 959,000 domesticated animals died from the heavy flooding in the Kyonggi and Kangwon Province areas, the Central Anti-Calamity Headquarters reported Tuesday.

Chickens accounted for most of the animals killed with 909,000, followed by pigs with 5,170, cows with 160 and ducks, dogs and others with about 44,000, it said.

Total monetary losses from the dead animals have not been determined but the government is planning to give financial assistance to livestock farms, it added.

ROK: State Council Approves New Maritime Ministry's Structure

SK0608013796 Seoul YONHAP in English 0045 GMT 6 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 6 (YONHAP) — The State Council passed the table of organization for the new Ministry of Maritime Affairs and Fisheries consisting of 8,937 officials in two offices and six bureaus in the ministry and the National Maritime Police Administration under its control.

The new ministry will absorb the existing Maritime-Port and Fisheries Administrations and take over marine environment-related jobs from the Environment Ministry, coastal reclamation-related jobs from the Construction-Transportation Ministry, oceanographic research and development-related jobs from the

Science-Technology Ministry and marine resources and oceanographic energy development-related jobs from the Trade-Industry-Energy Ministry.

The National Assembly passed at its special session late last month a bill amending the government organization law to establish the new ministry.

ROK: New Cabinet Appointments Profiled

SK0808090996 Seoul YONHAP in English
0811 GMT 8 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 8 (YONHAP) — The following are the profiles of those cabinet ministers newly appointed Thursday.

— Deputy Prime Minister and Finance-Economy Minister Han Sung-su, 60, is a Seoul National University economics professor-turned-technocrat, who has served as trade and industry minister.

Han enjoys so much presidential confidence that he was said to have been considered as possible chief economic policymaker whenever a cabinet reshuffle was talked of.

Fluent in English, Han took the lead in trade diplomacy with the United States while serving as a member of the 13th National Assembly. Based on intimate personal relationships with senior American officials, he is reputed to have smoothly resolved trade disputes with the United States when he headed the Trade and Industry Ministry.

Han previously lectured at Seoul National University, Cambridge University in Britain, Harvard University in the United States and Tokyo University in Japan.

Married to Hong So-cha, they have one son and one daughter.

— Information and Communications Minister Kang Pong-kyun, 53, is an elite economic technocrat, who took part in the formulation of the five-year new economic plan while serving as assistant economic planning minister. At the Economic Planning Board he was a key player in macroeconomic policy planning.

While serving as chief assistant to the prime minister for Administrative Coordination since late in 1994, Kang has reinforced functions of the Administrative Coordination Office and successfully performed policy coordination among Administration Agencies. As a result, he earned confidence from Prime Minister Yi Su-song as well as his predecessor Yi Hong-ku.

As director of the External Economy Coordination Office, Kang was in charge of last-stage negotiations for the Uruguay Round.

Strong in logic, he is quick in seeing through the essence of complicated problems. Quick thinking and abundant ideas have earned him the nickname of "tricks bag."

Upon graduation from Kunsam Teachers' School in 1960, he taught at an elementary school for three years. He and his wife So Hye-won have a son and a daughter.

— Health and Welfare Minister Yi Song-ho, age 58, is a four-term legislator, who began his political career with the now defunct Republican Party.

According to reputation he is prudent and precise in handling work and diligent in the management of his district chapter — Mikum-South Yangju, Kyonggi Province.

Yi has been re-named to the health and welfare portfolio, which he kept from May to December 1995. His re-appointment is said to be based on a judgement that he is the right person to manage the pandemonium-like health and welfare administration characterized by the herb medicine dispute.

A man of driving force and geniality, he is close to former Vice Speaker Yi Han-tong in the ruling party.

Yi and his wife Pak Song-ae have one son and three daughters.

— Elected to the National Assembly seven times straight, except for the 12th assembly, Minister Sin Sang-u, 58, of the newly-established ministry in charge of maritime affairs and fisheries is one of the senior lawmakers following President Kim Chong-pil (elected eight times) of the opposition United Liberal Democrats (ULD) and ULD Advisor Pak Chun-kyu (nine times).

His election from the nation's largest port city of Pusan must have caused President Kim to pick him as head of the new cabinet ministry responsible for maritime and fisheries policies.

During the days of former President Chon Tu-hwan's authoritarian rule in the early 1980s, Sin played the midwifery role in the birth of the then only opposition Democratic Korea Party and was elected to the 11th National Assembly on that party's ticket.

He was one of the enthusiastic supporters of President Kim Yong-sam when he had fought for democracy until his election to the presidency in 1992.

After graduating from Korea University Sin became a reporter for the PUSAN ILBO before he was first elected to the 8th National Assembly. In parliament, he has served as chairman of the Defense and Intelligence Committees.

— Known for his proficiency in English and a sharp sense of international affairs, Science and Technology Minister Ku Pon-yong, 49, returns to the ministry as its head Friday only eight months after he left it as vice minister to become President Kim's senior secretary for economic affairs.

Born in Kaesong, now in North Korea, Ku earned a doctor of philosophy degree in economics from George Washington University.

He was a principal research economist at the Korea Development Institute before he began public service as an advisor to the finance minister in 1982.

Ku has since served as a junior presidential economic secretary, vice transportation minister and vice science and technology minister.

In December last year, he became senior presidential secretary for economic affairs.

— Senior presidential secretary for Economic Affairs Yi Sok-chae, 50, is best known for the negotiation techniques he displayed in the inter-Korean rice aid talks held in Beijing last year.

He was also given credit for successfully laying the foundation for developing the personal communications service industry while serving as information and communication minister.

Armed with a doctor of philosophy degree in economics from Boston University, he has served the government in various jobs, such as the Economic Planning Board's international economic cooperation policy officer and budget officer, Chongwadae [presidential offices] staff member, vice agriculture, forestry and fisheries minister and vice economic planning minister.

Yi is a typical technocrat in economic affairs armed with a logical mind, drive and a strong conviction in what he is doing.

— Second state minister for Political Affairs Kim Yun-tok, 62, is one of the few well-seasoned woman politicians in the male-dominated political circles of Korea.

While in her early 20s, she entered the political world in 1963, joining the then opposition Democratic Party. On this party's ticket, she was elected to the National Assembly three times straight between 1971 and 1980.

Known for wearing a man's suit, she became interested in promoting women's rights in 1989 when she became director of Korea Development Institute for Women.

She has won many supporters, both men and women, because of her view that women's problem should be dealt with in the context of settling social problems.

A mother of five children, Kim was born in Sinan, South Cholla Province.

After graduating from Songgyunkwan University in Seoul, she became head of the Consumer Problem Research Institute, vice chairwoman of the Performing Art Ethics Committee and director of the Human Education and Development Institute.

ROK: Han Sung-su Named New Deputy Prime Minister

SK0808051796 Seoul YONHAP in English
0445 GMT 8 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 8 (YONHAP) — President Kim Yong-sam appointed ruling party lawmaker Han Sung-su new deputy prime minister and finance and economy minister in a cabinet reshuffle conducted Thursday.

Rep. Shin Sang-woo of the ruling New Korea Party (NKP) was named the maritime affairs and fisheries minister.

Kang Pong-kyun, chief administrative coordination officer under the prime minister, was named Information and Communications Minister, replacing Yi Sok-chae. NKP [New Korea Party] legislator Yi Song-ho was appointed Health and Welfare Minister.

Senior Presidential Secretary for Economic Affairs Ku Pon-yong was named Science and Technology Minister, with Ku's former post being filled by Yi Sok-chae. Former lawmaker Kim Yun-tok was named state minister for political affairs in charge of women's affairs.

President Kim also promoted his Senior Secretary for Political Affairs Yi Won-chong to the rank of cabinet minister from the vice ministerial rank.

The partial cabinet reshuffle, focusing on economic portfolios, was considered an expression of President Kim's intention to settle current economic issues, such as dwindling exports, with a new economic team in the cabinet.

In addition, the recruitment of three lawmakers from the ruling New Korea Party as new economic ministers of the cabinet is expected to promote closer cooperation between the cabinet and the ruling party in making and carrying out economic policies.

Chongwadae [presidential offices] spokesman Yun Yochun said President Kim had focused the cabinet reshuffle on replacing the economic deputy prime minister and the senior presidential secretary for economic affairs, a reflection of his strong will to revitalize the weakening economy.

With his promotion to the ministerial rank, Senior Presidential Secretary for Political Affairs Yi Won-chong is expected to play an important role in President Kim's policy toward the presidential election next year.

Before announcing the partial cabinet reshuffle, President Kim invited Prime Minister Yi Su-song to a lunch at Chongwadae and discussed the reshuffle.

President Kim will confer letters of appointment on new cabinet ministers in a ceremony at Chongwadae Friday.

ROK: NKP Seeks To Help Domestic Industries Stay in Country

SKD408011696 (Internet) The Digital Chosun Ilbo WWW in English 1201 GMT 3 Aug 96

[FBIS Transcribed Text] In order to solve the difficulties the economy is facing due to a hole in the domestic industry created by a domestic industry overseas exodus and a high current trade deficit the ruling New Korea Party [NKP] has decided to form a Restriction Easing Planning Group including participating academics and experts and to proceed with a large-scale restriction easing policy from the end of this month.

The NKP in addition is trying to come up with various measures to ease the difficulty of finding land for factories due to the high cost of domestic plant sites. High ranking members of the NKP held a meeting at the Palace Hotel Saturday and agreed that if the overseas exodus by major industries is not contained within 5-10 years then not only will a large hole develop in domestic industries but the unemployment rate currently sitting at around 2-2.3% will soar. Thus it resolved to aggressively proceed with supplementary measures to ensure the country's healthy development and prevent unemployment.

At the meeting the NKP resolved to implement measures to reduce by 25% interest rates and the cost of plant sites which stands at almost 2-3 times that of the costs prevailing in advanced countries.

Many industries own their own real estate but are unable to dispose of it and convert it to cash. The government therefore resolved that it will permit the transfer of such realty on the condition that a rise in land prices does not ensue.

ROK: President Speaks on Industrial Safety Improvement Plan

SKD708021996 Seoul YONHAP in English 0128 GMT 7 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 7 (YONHAP) — President Kim Yong-sam said industrial safety should be one of the major goals of national development,

stressing the need to make safety one of the key values of society.

Receiving Labor Minister Chin Nyom's report on a three-year industrial safety improvement plan at a joint government-industry meeting he chaired at Chongwadae [presidential offices] Wednesday, Kim noted that with occasional industrial accidents, a welfare society could hardly be built.

He called for closer labor-management cooperation in promoting the level of industrial safety and instructed the cabinet to improve industrial safety rules and provide financial and technical assistance to workplaces with poor working conditions so that they can improve the conditions.

In his report on the three-year plan, Minister Chin said a total of 1 trillion won (1.2 billion U.S. dollars) would be spent to improve industrial safety control systems over the next three years.

The plan calls for the introduction of a recall system for 23 "dangerous" machines, such as presses and cranes, so that makers of these machines will be required to recall those found to have safety problems.

Some 20,000 outmoded machines with safety problems will be replaced with the latest models with better safety devices at a cost of some 40 billion won, Chin said.

The punishment for employers responsible for an industrial accident will be increased from the current prison term of up to three years or a fine of up to 20 million won to five years or 50 million won.

In addition, workers that habitually violate safety rules will be subject to a fine of up to 3 million won.

ROK's Wage Growth Rate Quintuples That of Advanced Nations

SKD708014096 Seoul THE KOREA TIMES in English 7 Aug 96 p 8

[FBIS Transcribed Text] Korea's wage growth rate is five times that of advanced nations in real terms, according to a government report.

The higher wage increase has widened the difference between production and consumer prices far more than in advanced nations, the report says.

Nominal wages increased 16.8 percent in 1987-94 and the inflation rate was 6.4 percent, resulting in a 10.4 percent rise in real wage growth, according to a report on the relations between wage increases and consumer prices by the Finance and Economy Ministry.

Nominal wages in advanced nations, such as the United States, Japan, France, Germany and Canada, rose some

5 percent. When the inflation rate is factored out, the growth in wages in real terms was less than 2 percent.

As a result, the differential between production prices and inflation rate was 3.5 percent in Korea compared to 2 percent or less in advanced nations.

Taiwan saw a 3.2 percent gap between wage growth and inflation although the country showed a 10.3 percent rise in real wage rises.

The ministry analyzed that the Taiwanese inflation rate was low despite the higher wage rise due to a fall of import prices caused by the sharp appreciation of the Taiwanese dollar against the greenback.

Taiwan's currency appreciated 3 percent annually on average between 1987-94, higher than the 1.2 percent posted in Korea, pulling down import prices 0.3 percent. This pegged the production price rise at 0.2 percent compared to 2.7 percent in Korea.

Taiwan also saw a 4 percent rise in labor costs during the cited period, higher than that of advanced nations but lower than the 6.1 percent gain posted in Korea.

A ministry official said that the ministry has reconfirmed that inflationary pressure cannot be curbed without stabilization of wages.

ROK: Shipbuilders Receive Reduced Orders in Early 1996

*SK0708091096 Seoul YONHAP in English
0623 GMT 7 Aug 96*

[FBIS Transcribed Text] Seoul, Aug. 7 (YONHAP) — Korean shipbuilders received 2,105,113 gross tons of orders during the first seven months of the year, down 39 percent from the same period a year earlier, Korea Shipbuilders Association reported Wednesday.

The order backlog at the end of July stood at 11,656,731 GT (gross tons), down 14.4 percent from a year earlier.

The orders Korean shipbuilders received in July came to 189,532 GT involving eight vessels, according to the association. The January-July orders involve 58 vessels, but not a single vessel is related to Korean domestic shippers.

During the seven month-period last year, the orders involved 110 vessels (3,451,366 GT), of which 108 were placed by foreign shippers and two were domestic orders.

Korean shipbuilders expected to receive substantial orders for three VLCCs (very large crude carriers) worth a total of 270 million U.S. dollars from Kuwaiti shipper KOTC by the end of July, but the order has been postponed, which the association say was part of the cause of the lackluster performance by Korean shipbuilders.

ROK Government Decides To Subsidize New Textile Development

SK0408010296 (Internet) The Joong-Ang Ilbo WWW in English 4 Aug 96

[FBIS Transcribed Text] The Ministry of Trade and Industry decided to offer 175 billion won over the next 5 years in assistance for the development of a high-function new textile.

The ministry also plans to establish a consultation body for information exchange between the raw material and textile industry and the fashion industry in order to encourage active exchanges between technicians and designers.

ROK Tax Revenue Totals W31.69 Trillion in First Half of Year

*SK0708042296 Seoul YONHAP in English
0244 GMT 7 Aug 96*

[FBIS Transcribed Text] Seoul, Aug. 7 (YONHAP) — National tax revenue in the first half of the year totaled 31.69 trillion won (39.6 billion U.S. dollars), up 11.6 percent from a year earlier and accounted for 49.2 percent of the target set for the entire year.

Special excise, education and traffic taxes totaling 595 billion won have been brought forward to the second-half revenues because their due date of June 30 was Sunday, including them in the first-half revenues would bring up the year-on-year increase to 13.7 percent and the percentage against the yearly target to 50.1 percent, according to the Finance and Economy Ministry.

Value-added tax collection rose 12.3 percent from the same six-month period of last year to 8.12 trillion won, while income tax revenues climbed 12.7 percent to 7.47 trillion won.

Corporate tax collection increased 8.9 percent to 4.64 trillion won.

Special excise tax revenues in the first half went up 3.6 percent to 1.5 trillion won, excluding the 175 billion won carried forward to the second-half collection. Liquor tax revenues rose 4.7 percent to 1.01 trillion won.

Inheritance and gift tax collection fell 10.5 percent to 423.7 billion won, and securities transaction tax revenues also plummeted 31.2 percent to 176.4 billion won chiefly because of the lackluster stock market.

Traffic tax revenues soared 38.4 percent to 2.23 trillion won, customs duties collection 15.2 percent to 2.61 trillion won and rural development tax revenues 15.4 percent to 927.9 billion won.

Education tax collection decreased 2.7 percent to 1.43 trillion won.

Burma

Burma: Article Condemns U.S. Embassy Reports

BK0708143096 Rangoon THE NEW LIGHT OF MYANMAR in English 7 Aug 96 p 4

[Article by Myo Chit Thu: "Concocted reports"]

[FBIS Transcribed Text] I have attended two Press conferences during this month. The first was the News Briefing of the State Law and Order Restoration Council Information Committee held at Myanma [Burmese] TV and Radio Department on 1 August. The second was Minister for National Planning and Economic Development [NPED] Brig-Gen Abel's Press Conference at the Ministry of NPED on the third.

The Press conferences were also attended by foreign correspondents led by Patron of Foreign Correspondents Club Kyodo News Agency correspondent U Sein Win. They represented news agencies, newspapers, magazines, TV, and radio stations of foreign nations. Also present were foreign correspondents who were in the country to cover news here.

At the News Conference on 3 August, Minister Brig Gen Abel briefed the Press on two reports, namely, "Country Commercial Guides: Burma", and "Foreign Economic Trends Report: Burma". They were prepared and published by the US Embassy in Yangon [Rangoon] dated 1 August 1996.

In his open clarifications, the minister said he received the reports on 2 August evening. He said it was the first time he received reports of that kind since he assumed the responsibilities of the minister.

I would like to relate what the minister had clarified. He said that the two reports were made by the United States Embassy in Yangon, and that they were not official documents. The statistics in the reports were unofficial embassy's estimates, and not US Government's statistics. The minister said the reports though purported to be an economic report, were politically slanted, adding, the tables also appended as support of the reports were not credible documents. He then asked the newsmen present to judge the worth and credibility of the reports.

The minister went on to explain how the reports were slanted to discredit the government.

Economic undertakings and nation building endeavours being made in the country have achieved remarkable success. Rapid progress has been made and there have been tangible results in this respect. But the reports were prepared in such a way as to make the people lose faith in the government and to seed doubts in the minds of the public.

The minister noted that the government in dealing with the world financial institutions or any other bodies has been transparent and has always adopted an open-book policy. He made it clear that government statistics occasionally published and annual reports circulated to the public were authentic documents that could be verified at any moment at the various departments of the Ministry. In declaring thus, he produced documents.

In connection with the report published by the US Embassy in Yangon dated 1 August 1996, Minister Brig-Gen Abel presented the points as follows;

1. The first paragraph of this report clarifies the value and credibility of the report. It is not an official statistics.

2. You can see that it has been orchestrated as readers are directed to send the inquiry to the Embassy in Yangon or even care of State department in Washington.

3. Since the statistics are unofficial, as stated, we can come to the conclusion that the intention of floating such a report is to only seed doubts, to cause mischief and to discredit the State Law and Order Restoration Council in its very successful economic endeavour and nation-building programme.

4. The essence of the presentation is in nature the fictitious political stories trying to convince the public with unauthentic figures that has no statistical base. It can also be deduced from the report as accusations:

a. The State Law and Order Restoration Council not being transparent.

b. That the major portions of the budget is being used for the defence.

c. That the social sectors has been neglected.

d. That sustained growth will be difficult.

e. Forced labour, prison labour is being employed extensively.

f. That narcotics still proved to be problem.

g. That change of government and democracy are essential elements for the Myanmar economy.

h. That extra-legal economy has played a considerable role in the mainstream economy.

i. That the real GDP growth was between 4.6 percent to 6 percent.

j. That the World Bank, IMF, ADB [Asian Development Bank] are being pressured by the US not to extend financial help to Myanmar.

k. That there is no microeconomic transparency.

5. Justification of the tax is supported by the tables which only try to justify the aim of the report but is not supported by any official documents or studies.

6. There is no real value or credibility in the report as it is not based solely as economic study but is more politically oriented.

7. Transparency in Myanmar has always - been maintained and even the World Bank, IMF, and ADB have been given permission to study whatever they wish to study — open books.

8. Defence spending is a matter which every country has to live with. In Myanmar, it is round about 8 percent to 10 percent. Every Army has to be timely trained and equipped for self-defence purposes. There is no intention of aggression by Myanmar to its neighbours.

9. The new 5-year plan has come on steam and there is no problem to sustain present economic growth rate. Even during the four-year plan, the performance exceeded what was planned. The growth rate annually was 8.2 percent with present five year plan, it is planned for 6 percent.

10. The social sector has been taken care of without any sacrifice, spending in the social sector has increased annually, statistics given. Education: 92-93 4.7 billion [currency in kyats — Burmese currency unit], 93-94 5.5 billion, 94-95 5.8 billion, 95-96 2.7 billion, 96-97 planned 2.5 billion; Health: 92-93 2.07 billion, 93-94 1.9 billion, 94-95 2.1 billion, 95-96 2.7 billion, 96-97 planned 2.5 billion.

11. Forced labour, Prison labour has not been extensively used. There is no forced labour, only work contribution. Prison labour is being used according to existing laws.

12. The Ministry of National Planning and Economic Development welcome any clarifications on any of its reports or its statistics. We are also happy to lift the cloud that has been cast by the foreign economic trends report issued by the US Embassy, Yangon. You may contact us any time at — Ministry of National Planning and Economic Development, Minister's Office, Thein-byu Road, Yangon. Tel: 282391, 289666, 280816, Fax: 951 243791.

Intentions of the guides and report prepared by US Embassy in Yangon were clear. It has been merely a destructive act designed to play down successes of Myanmar, make people lose faith in the government, seed doubts in the minds of the public. That was an act that should not be committed by an embassy which represents a big nation. Such acts should be put to an end under international practices.

The guides and the reports prepared and published by the US Embassy are, in fact, done so intentionally to discredit Myanmar.

Burma: Editorial Lashes Out At U.S. Embassy's 'Myanmar-Bashing'

BK0708155396 Rangoon THE NEW LIGHT OF MYANMAR in English 7 Aug 96 p 6

[Editorial: "It Ain't Funny"]

[FBIS Transcribed Text] It ain't funny...

We would let you fill in the rest, for the issue at hand requires careful reading first.

There are quite a few who today champion Myanmar (Burma)-bashing, specially those churning up concoctions bordering on the hypercritical, all aimed at undermining the political, economic and social progress we have made in recent years.

To overlook facts and to cook up concoctions aimed at playing down the gains Myanmar has made after jettisoning the single-party system, the centralised economy and changing the laws wherever necessary to install a new democratic order and the market-oriented economy would be a sin.

True, we have our problems like so many countries. It would be hypocritical for certain countries or a country to keep stalking Myanmar, targeting it on the smallest of excuses and in the hope of making maximum capital out of it, to exaggerate and blow things out of proportion.

Maybe, the U.S. Embassy embarked, as was said, as usual, on an academic exercise in putting out two recent reports on the Myanmar economy, but the tone and content of each report would, even after a cursory glance, reflect the harm intent or to assess more seriously, the ulterior motive.

Though a preamble claims that "All statistics in this report are unofficial embassy estimates, not official U.S. Government statistics, unless otherwise specified", that fabrication is manifest cannot be denied.

In our view, and as specifically explained by Minister for National Planning and Economic Development Brig-Gen Abel, the publication of such reports reflects bad taste and borders on sabotage.

When feedback is spoken about, ours must be of disappointment arising from the rather low blow that was administered our achievement in the time of the State Law and Order Restoration Council.

After clarification by the minister, there must be public indignation, for all patriotic citizens, be they here or in any other country, rightfully feel that any insult directed even at a lone citizen is insult on the nation itself.

Could it be asked in diplomatic terms if the reports must be taken as the true intention or misrepresentation. Perhaps the latter might be ruled out.

It ain't funny, but it sure is corny!

Burma: Thailand's Annual Signs Cooperation Pact During Visit

BK0808061896 Bangkok THE NATION in English
8 Aug 96 p A6

[Report by Rita Pattiyasewi]

[FBIS Transcribed Text] Rangoon — The joint signing of a memorandum to the third Thai-Burmese Joint Commission attests to the tireless effort that resulted in mutually-acceptable solutions being reached on some issues of common concern, Burmese Foreign Minister U Ohn Gyaw said yesterday.

However, he added, both sides should not be content with what has been achieved but should give attention to further enhance the two countries' potential.

He said he was confident that officials concerned will continue their contacts and work together to explore new areas of cooperation. He hoped that such cooperation will be a benefit to the people as well as lead to greater regional cooperation.

Deputy Prime Minister Amnuai Wirawan said that his meetings with the Burmese leadership have confirmed the store of goodwill and friendship that will pave the way for expansion of neighbourly cooperation between the two countries.

Amnuai, also foreign minister, hoped that the issues both had agreed to continue pursuing will be implemented and that the new areas of cooperation, identified during the meeting, will be pursued for the benefit of both sides. Amnuai and U Ohn Gyaw concluded their three-day meeting by signing the memorandum, which covered cooperation in culture, tourism and tourism promotion in border areas.

Also covered is technical and economic cooperation that includes training courses for future members of the Association of Southeast Asian Nations that will be organized by the Thai Foreign Ministry in September, and finance, transport and communication linkages between the two countries. The memorandum also includes the issue of border checkpoints. The second meeting of the Thai-Burmese Joint Working Group on Border Checkpoints held in Rangoon from July 31 to Aug 1 concluded with an agreement that key border checkpoints would soon be upgraded to international crossing points once the Agreement on Border Crossings between the two countries becomes effective.

Other issues of cooperation include trade, investment, forestry, energy, narcotics, aviation, banking and others.

On the issue of fisheries, the Thais proposed that Burmese officials participate in the Thai-Burma Coordination Office in Ranong province, which was recently established under the supervision of the Supreme Command to solve problems related to illegal fishing in Burmese waters.

Thailand also asked Burma not to use force against Thai fishermen illegally fishing in Burmese waters and to promptly inform Thai officials of any arrests. However, Burma will maintain the use of force but only under stringent rules and procedures and only when there is no other alternative.

The meeting also made significant progress on many issues, such as the restoration of the Moei-Thaungyin river bank, on which they expect to reach a solution through a flexible approach.

Amnuai had earlier said that he asked Burmese officials to be flexible in their approach to solving various issues.

Burma has been concerned that extending the river bank by Thais would affect the flow of the river and cause increased erosion on the Burmese side.

Amnuai said that both sides could engage in work on their river banks to prevent soil erosion but should inform one another before starting any work.

Both also agreed to open the border checkpoint at Mae Sot-Myawaddy on a permanent basis for trade and tourism.

Thailand hoped that the Tachilek-Kyaington Road improvement project, for which the government has offered a soft loan of Bt[baht]300 million, will be implemented soon.

During a bilateral meeting between Amnuai and Burmese leader Gen. Than Shwe, the prime minister and president of the ruling junta, known as the State Law and Order Restoration Council, the general encouraged Thailand to develop the Dawei deep sea port. According to an official, the ItalThai Company recently signed a memorandum of understanding to conduct a feasibility study, which is expected to be completed in six months.

On border issues, a working group comprised of officials from both countries will meet to address the problem of undefined borders in order to prevent future conflicts. Both share a common border of 2,400 kilometres.

Burma: Thai Foreign Minister, Delegation Depart Rangoon

BK0708154996 Rangoon TV Myanmar Network in Burmese 1330 GMT 7 Aug 96

[FBIS Translated Excerpt] A Thai goodwill delegation led by Dr. Annuai Wirawan, deputy prime minister and foreign minister of Thailand, departed Yangon [Rangoon] for Bangkok by a special aircraft this morning after visiting Myanmar [Burma] at the invitation of Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council of the Union of Myanmar.

The Thai delegation was seen off at Yangon International Airport by U Ohn Gyaw, minister of foreign affairs; U Nyunt Swe, deputy minister of foreign affairs; U Hla Maung, Myanmar [Burmese] ambassador to Thailand; responsible personnel of the Foreign Ministry, Mr. Ponsak Nin-ubon, Thai ambassador to Myanmar; and officials of the Thai Embassy. [passage omitted]

Burma: SLORC Changes Names of Agriculture, Trade Ministries

BK0708155196 Rangoon TV Myanmar Network in Burmese 1330 GMT 7 Aug 96

[Notification No. 26/96 of the State Law and Order Restoration Council, Date 7 August 1996 — names of ministries rendered in English]

[FBIS Translated Text] Change of nomenclature of ministries.

The State Law and Order Restoration Council [SLORC] has changed the nomenclature of the following ministries.

1. The Ministry of Agriculture to the Ministry of Agriculture and Irrigation
 2. The Ministry of Trade to the Ministry of Commerce
- By the authority vested in me, Signed: Khin Nyunt, Lieutenant General, SLORC Secretary-1.

Burma: SLORC Defended as Government for 'Interim'

BK0708154296 Rangoon THE NEW LIGHT OF MYANMAR in English 7 Aug 96 p 3

[Article by Phyo Aung: "Is She Using or Being Used?"]

[FBIS Transcribed Text] I notice that MAINICHI Daily published in Japan very often carries "Letter from Burma" series articles written by Aung San Suu Kyi alias Mrs Michael Aris. In a letter entitled "Life is seldom dull for those who disagree" which appeared on the 24th June 1996 issue, it was found that those work-

ing for the National League for Democracy and those working for democracy in Myanmar were defined as dissidents of the Government. I also noticed that the State Law and Order Restoration Council [SLORC] was accused as a dictatorial government and as the one which does not desire democracy. I have nothing to say about Mrs Michael Aris and group's regarding themselves as dissidents of the Government. However, as Myanmar Naing-Ngan [Burma] has a population of about 47 million and is home to various races of nationals these so-called dissidents are just minority, not worthy to mention about. The writing that the State Law and Order Restoration Council is a dictatorial government and that it is a government which suppresses those who want democracy was just a groundless accusation.

Everybody desires democracy. In Myanmar too, democracy was practiced in successive periods. But there were differences in the way and policy it was applied. The policy from the time independence was regained in 1948 to 1962 was a system of administration executing democracy after forming a parliament. Thus it was called parliamentary democracy. The interim from 1962 to 1974 was the transitional period from parliamentary system to Myanmar [Burmese] Socialist Lanzin Party era during which socialist democracy practices were cultivated. Democracy was practiced in accord with the socialist policy from 1974 to 1988. It was therefore known as the socialist democracy system. The present era is a transitional period to multiparty democracy age. It can thus be said that it is transformation into multiparty democracy system. The State Law and Order Restoration Council Government which is taking up duties of the present interim is the government shouldering responsibility for systematic transformation into a multiparty democracy system.

It is the government which is cultivating compatible practices so as to be able to transform from one-party socialist democracy system to multi-party democracy system. So it cannot be accused that the State Law and Order Restoration Council is a government which does not desire democracy or a government which opposes democracy.

The time a country is encountering with a transitional period for the political change is a crucial period. The governments which take up duties during these periods have to shoulder more immense responsibility than those in power in normal periods. The most important thing is to maintain internal stability so as to enable transformational process go smoothly and peacefully. Lessons should be taken from the countries in the world which are facing a lot of bloodshed in the transitional periods. Moreover, it must be mindful of external interference. It must always be deliberated with farsightedness over the collapse of internal unity and

stability that might cause due to external interference. If the unity collapses, the country is liable to be separated into different parts. There were instances after the World War II that small countries were separated into eastern and western parts and southern and northern parts due to interferences of powerful nations. Till today, there are countries which cannot be unified. Some countries, even though they did not split into different parts, had become puppets of the powerful countries.

Powerful nations usually meddle to take the reins in a nation's transitional period. They usually try to put those, who will dance to their manipulation, to throne. As such, it is of prime importance for the State Law and Order Restoration Council which is taking up State duties in the transitional period to ward off external forces likely to manipulate overtly or covertly with intent to cripple the non-disintegration of the Union, the non-disintegration of national solidarity, and the perpetuation of sovereignty.

The Government which is shouldering such immense duties cannot look with folded arms at those attempting to hamper internal stability under the pretext of democracy. It has to prevent with various means the acts to defy laws and disciplines and the attempts with reliance on external elements to spilt consolidation of unity. This cannot be assumed that those who desire democracy are suppressed.

A review of the situation will show that Mrs Michael Aris is said to be doing politics with the backing of the National League for Democracy. If so, her rank is just a responsible person of a political party. Why big nations from outside are doing for, taking much interest in and exaggerating about Mrs Michael Aris' political party which is one of the ten in a small nation of Myanmar? Why the world's media has come out in force to extend a helping hand in releasing her speeches and her written materials? Considering Myanmar's being in a state of political change, it can easily be understood. Is it to cause disintegration of the union and then exploit the situation? Or is it to help a puppet group gain power and make it their henchman. There may be some kind of a reason. Puppet groups, at the same time, are trying to keep mentors. They are ready to approach the embassies even for trifles, write letters to them and seek all kinds of help. They have been busy consulting with the puppeteers at tea, or at lunch. They move about quite frequently between the University Avenue and Western embassies to visit the latter.

Mrs Michael Aris herself instigated foreigners not to invest in Myanmar, not to give aid to Myanmar, and to impose economic sanctions against Myanmar. The aim of her seeking assistance is obvious, to gain power for herself and her followers.

Foreign nations apply various means to praise her with different awards to attract the world attention. Obviously, they are doing so in order to interfere in

the internal affairs of Myanmar which is of strategic importance in East Asia and the Pacific and to enable their henchmen to gain power.

It is worthy of deep consideration: "Is she using them or is she being used?"

It is not that Mrs Michael Aris and her followers, the National League for Democracy alone aspire for democracy. There are ten political parties in Myanmar. All of them aspire for democratic system. Some parties have laid down the programme and guidelines but some do not. Noticeably, which are truly parties have their specific programme and guidelines. Some parties, however, have not laid down specific political programme or guidelines though they are shouting for democracy at the top of their voice. It appears that they are going to exploit the prevailing situation. They do not even know clearly whether democracy is a programme or a practice. But they do know to demand transfer of power. What is worse, though they have not been able to lay down their own party guidelines precisely and properly, they are declaring that they are going to write the constitution. It is something to be worried about the country's fate.

If different voices of individual persons or groups are overlooked for the sake of democracy, the people of the nation will not be able to follow the path of national politics which they should today. As such, the government which is assuming State responsibilities today will have to stand by the wishes of the mass of the people and all the national races rather than that of the self-proclaimed dissidents.

A study of important persons surrounding Mrs Michael Aris will show that they had been able to secure influential positions in one era or another. They had served in the government or as the chief of staff in the Tatmadaw [Defense Services] or in high-ranking positions in departments. Those who retired, had been removed or asked to resign can be pointed out. Mrs Michael Aris knows herself but she will not be able to know those people. It will not be known correctly why those people are near her. She herself had been away from Myanmar. Suppose she had not been away, it will not be possible to be aware of hidden intentions of those people. That is why she is using them as the persons who share her view and dissidents who disagree with the government. Those people could not forget their good days in the past. Thinking that they will be able to gain power once more in the nation's political change, they wear the masks of democracy flank Mrs Michael Aris who lost her way and arrived in Myanmar and use her as a nominal leader.

It is worthy of consideration. Is she using or being used?

Brunei, Malaysia & Singapore

Malaysia

Malaysian Minister Says EAEC May Proceed Without Japan

96SE0099A Kuala Lumpur BERITA HARIAN
in Malay 25 Jul 96

[Received via Internet]

[FBIS Translated Text] Efforts to bring the East Asia Economic Caucus (EAEC) to realization may proceed without the participation of Japan, which so far is still undecided about declaring its position on implementation of the concept.

Deputy Foreign Minister Dr. Leo Michael Toyad said that the participation of Japan, the Asian economic giant, in the realization of the concept should benefit East Asian countries, however.

"There is no reason why the concept cannot be realized without Japan, but it would be more beneficial if that country joined the EAEC," he said in reply to a follow-up question by Lin Guan Eng (DAP [Democratic Action Party], City of Melaka).

Leo said that the formation of the EAEC is closer to reality because of developments at the recent Conference of ASEAN Foreign Ministers in Indonesia. The concept also moved ahead through the Asia-Europe Conference (ASEM), which brought seven ASEAN countries together with the three big powers of China, Japan, and Korea.

Japan's position, he said, derives from its loyalty to the United States, which opposes the formation of the EAEC, characterizing it as a barrier to APEC [Asia-Pacific Economic Cooperation] activities.

"Japan is guarding its own interests as a trading partner of the United States, besides raising various conditions for the formation of the EAEC.

"These conditions include permitting Australia and New Zealand to join the EAEC and asking the blessing of APEC members," he said in reply to a question by Wan Mohd. Jamin Wan Mahmood (PAS [Pan-Malaysian Islamic Party], Tumpat).

Meanwhile, Deputy Minister of Finance Datuk Wong See Wah said the government is encouraging agencies to use the services of the Malaysian Islamic Bank, Ltd., (BMB) or banks that practice Islamic concepts in developing banking systems.

"The government does not plan to take the step of making this a directive but instead is encouraging its agencies to use the services of banks employing Islamic

concepts," he said in reply to a question by Abdul Rahman Sulaiman (BN [National Front], Parit Buntar).

He said that one way to ensure that government agencies invest in banks based on Islamic concepts is to offer more attractive products and incentives.

"It is up to the owners of those banks to offer more attractive products to encourage government agencies to make big deposits and use their services," he said.

Malaysia: Mahathir Interviewed on Relations With Deputy

BK0708144696 Kuala Lumpur BERITA HARIAN
in Malay 7 Aug 96 pp 1, 2

[Unattributed report]

[FBIS Translated excerpt] Kuala Lumpur, 6 Aug — Datuk Sri Dr. Mahathir Mohamed expressed confidence over Datuk Sri Anwar Ibrahim's ability to take over his position and not cause any harm to UMNO [United Malays National Organization] or even force him to resign.

According to the prime minister, he was confident that his deputy could continue with what he has been doing all along these years, despite the fact that Anwar cannot become 100 percent like him.

Speaking during an interview during tonight's TV1 program, Together With the Prime Minister, he said: "No one can become 100 percent like me and I also cannot become 100 percent like Anwar."

The one-hour special interview was conducted by Johan Jaafar, chief editor of UTUSAN HELAYU Group, to commemorate Dr. Mahathir's 15th anniversary as the fourth prime minister.

Responding to a question on whether the prime minister had ever harbored any suspicions over Anwar's loyalty and honesty, Dr. Mahathir stated that there had been times when he had had such feelings, particularly when he had been surrounded by numerous reports on such an issue.

He said: "I believed that I would have to eventually give way one day, even though I sometimes felt unsure. If I do not have confidence in the person who will replace me, then it will be very difficult for me to communicate with him."

In connection with several rumors that had been circulating about plots between him and Anwar, Dr. Mahathir said: "Our people are still engrossed in theories, as if there were some hidden motives, whereas such motives never existed at all."

"Such issues are best left as they are. But being Malays, we are too engrossed in thinking. If a person gives me something, then what is his motive?"

"We are always asking questions. We should accept things at face value [three preceding words in English] — what we get is actually what we receive. I have been repeatedly forced to explain such issues because these issues have brought about problems for the party."

The UMNO party president also stated that he and Anwar always hold discussions, and UMNO's situation is not made by him alone but through party meetings and decisions made by party leaders at meetings. [passage omitted on decisions made at meetings as standard procedures]

Malaysia 'Expected' To Produce Satellites by 2000
99SE0099B Kuala Lumpur BERITA HARIAN
in Malay 25 Jul 96

[Received via Internet]

[FBIS Translated Text] London, 24 Jul—Malaysia is expected to produce commercial satellites designed and made by its own people by the year 2000 through the Malaysia-Britain Space Technology Cooperation Project.

Under the project, two microsatellites and one minisatellite will also be designed and built by Malaysians with the cooperation of Surrey Satellite Technology Limited (SSTL).

Professor Martin Sweeting, SSTL business director, said a memorandum of understanding on this cooperation is expected to be signed in Kuala Lumpur next month.

He said that, as the final stage, SSTL is preparing details of this cooperation, including an academic training plan and the transfer of space technology.

He said that if everything moves smoothly, the first group of Malaysian scientists and engineers will begin academic training and technology transfer before the end of this year.

"We estimate that 10 to 12 people will be taken to design and produce the first microsatellite made by Malaysians. It will be launched by the end of next year," he said in an interview with BERITA HARIAN at the Center for Satellite Engineering Research (CSER) at the University of Surrey yesterday.

SSTL is the pioneer in world microsatellite technology and the founder of an international movement to design and produce small, useful, and inexpensive satellites for exploring space.

SSTL, a subsidiary of the University of Surrey, is a commercial department of the CSER and is responsible for providing training and technology transfer to scientists and engineers from all over the world for the design and production of small satellites.

Sweeting said that the first microsatellite will be designed and produced at SSTL through this cooperation, with Malaysian participation amounting to 80 to 85 percent.

He said that the second microsatellite will be made entirely by Malaysians in Malaysia and that it is expected to be launched a year later.

He said that the first minisatellite designed and built by Malaysians will be produced at SSTL in the following year.

Sweeting said he was confident that Malaysians would be able to design and produce microsatellites and minisatellites in Malaysia, both for their own use and to meet international demand.

"We do not doubt the ability of Malaysians.

"We do not expect to face any problems in designing and producing the first Malaysian minisatellite in the appointed time frame," he said.

Cambodia

Cambodia: Hun Sen on Senior Khmer Rouge Defections

BK0808094196 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 8 Aug 96

[Address by Second Prime Minister Samdech Hun Sen at the inauguration of the FM 103 Megahertz radio station and television station Channel 3 in Phnom Penh on 8 August — recorded]

[FBIS Translated Excerpt] [passage omitted] I would like to be permitted by all of you, the clergy, your excellencies, ladies, and gentlemen, to inform our beloved compatriots of some welcome news. While I was in my car after leaving home, I received an official report that Division 450 led by Mr. Sok Pheap, stationed at Phnum Malai, and Division 415 led by Chhien, stationed in Pailin, along with other forces, have separated themselves from the Khmer Rouge and have come to join the Royal Government [RG]. This is the welcome news.

I would like to say that I have personally been directing this task in cooperation with General Tie Banh and some other leaders for two months already. Today is a very happy day because our compatriots from Divisions

450 and 415, respectively stationed in Pailin and Malai, and another part of the forces nearby have agreed to cooperate and join hands to work as Cambodian citizens. I would like to say that this is neither a surrender nor a submission. This does entail, however, an obligation that all Cambodians should jointly fulfill as citizens so as to end the war and the nonsensical fighting and join forces to build and develop the Kingdom of Cambodia.

I would like to welcome this participation and I guarantee, as outlined on the cassette sent to all of you, that we promise to protect your life, property, jobs, roles, and all of your possessions. Along with this, we also guarantee your political rights as Cambodian nationals. The guarantees include the promise that, if anyone used to be the Pailin mayor, that person will continue to be so. They are also entitled to continue to own their houses and plots of land.

Availing myself of this opportunity, I would like to appeal to and welcome top leaders within the Khmer Rouge ranks whom the Khmer Rouge radio this morning accused of being traitors. I would like to appeal to them to defect to the area controlled by Divisions 450 and 415 or escape to the areas administered by the RG. This is the point, the obligation that you have fulfilled and can continue to fulfill: to bring in the forces that have not yet returned. I would also like to make an appeal to those in other regions who are being held as hostages of the Khmer Rouge. The current arrangement does not require you to escape from the Khmer Rouge-held areas to the RG-controlled regions. You can, like those in Pailin and Malai, declare that you have separated yourselves; then you can join the RG to control the situation in the areas. In this way, we will implement the clauses of the Constitution that specify that the Kingdom of Cambodia is an inseparable state. What you need to do is, as it were, to take off your clothes, discarding what goes under the name of the Khmer Rouge and, instead, putting on what goes under the name of the RG.

On this occasion, I would like to praise our senior officers and high-ranking officials for having directed this task with patience and for having been trusted by the compatriots within the Khmer Rouge ranks.

I would also like to make an appeal to all compatriots Khmer Rouge who have signed up with extremist political parties and mingled in Phnom Penh and other places, because the leaders in Pailin and Malai have already cut loose from the Khmer Rouge and joined the RG. The persistent mingling with some political parties in Phnom Penh is not good. Within 10 days at the most, they should clean up their act. They do not need to return to Pailin or Malai; the only thing they need to do is to

present themselves to the authorities in the areas where they are living.

I would like to take this opportunity to order the National Defense Ministry and the General Staff to be well prepared to link the areas on Route 10, where the advanced forces of our divisions are stationed at Pailin and Division 12 at Phnum Malai, and to continue effectively, resolutely, and meticulously implementing the national reconciliation policy and all of the guarantees announced at a seminar held by the General Staff and the National Defense Ministry recently. It was requested that the National Defense Ministry and the General Staff be prepared — as far as I know, they have been prepared for a few days now — to send clothes, materials, and other provisions to the front lines for the compatriots who have broken loose from the Khmer Rouge. They should also prepare the necessary intervention forces of the Khmer Royal Armed Forces (KRAF) to help in case of attacks by the Khmer Rouge forces who have not yet surrendered, specifically those who have lately been under the direct command of Ta Mok [notorious one-legged Khmer Rouge commander] in Malai and Pailin.

I would like to order the Interior Ministry to allow and arrange for administrators to continue their work. The only requirement is that the management networks should be linked to the Interior Ministry and that work training and legal knowledge be given them according to the need.

I would also like to order the Economics and Finance Ministry to prepare emergency funds — previously, it used to provide some secret funds — for miscellaneous indispensable expenses in the areas and for other expenses that need to be made in the incorporation of thousands of soldiers into our KRAF and civilian administration. This is my appeal.

On this occasion, on behalf of the RG and in the name of the prince krompreah first prime minister, I would also like to make an appeal to Thai companies. We will continue to honor our promises and we will continue to recognize all contracts concluded by the companies doing business in the Khmer Rouge-held areas. The agreement concluded between the former Thai prime minister, Chuan Likphai, and myself, representing the RG, in April 1995 is still valid. In other words, we will continue to recognize all of the business dealings in the areas, but the contracts should be made with the RG according to the practice and financial management of the Phnom Penh Government. On behalf of the RG, I would also like to inform those in the areas where the Khmer Rouge forces have not yet surrendered that we will continue to recognize all of their existing contracts,

providing they turn to doing business with the RG of the Kingdom of Cambodia.

I would like to appeal to combatants, both male and female, and cadres in the areas where Divisions 450 and 415 are stationed and other areas to help maintain the machinery and other assets belonging to Thai companies in the areas so that they can be returned to their owners. This is the communicate, the appeal I would like to make to public opinion as well as to our compatriots, the officers and rank and file of the KRAF, the authorities at all levels, the institutions in all sectors, and the compatriots in the Khmer Rouge-controlled areas.

I would like to say that even though the water remains still, one should not think that there are no animals nor fish there. This shows that our previous quietness and some of our tactics are aimed at achieving great national reconciliation without using flesh, blood, and materials in a battle. I wish to warn a number of political parties that use the Khmer Rouge as weight to beware of this problem. Very little escapes the RG or Hun Sen. [passage omitted]

Cambodia: Hun Sen Reports 'Thousands' of Khmer Rouge Defecting

BK0808054996 Hong Kong AFP in English
0401 GMT 8 Aug 96

[FBIS Transcribed Text] PHNOM PENH, Aug 8 (AFP) — Thousands of Khmer Rouge guerrillas, among them top officials, defected to the government Thursday, co-Premier Hun Sen said, and the rebels' radio hinted they included the former number two, Ieng Sary.

The announcement came two months after Khmer Rouge leader Pol Pot was reported to have died.

"I am glad to tell you that Sok Pheap, division 450, and Mit Chien, division 415, have joined the government," Hun Sen said in a speech commemorating the inauguration of a new television station.

He said about 3,000 guerrillas had defected with the two commanders.

He then interrupted his speech to take a phone call and said he had just received "more good news that some of the other senior leaders will also come along."

Meanwhile clandestine Khmer Rouge radio, monitored by AFP in Bangkok, accused Ieng Sary, the former foreign minister of the Khmer Rouge's government of Democratic Kampuchea, of being a traitor and of "selling out."

Mit Chien was the "mayor" of the rebel economic base at Pailin in the northwest province of Battambang and commander of the guerrilla's division 415.

Sok Pheap was the commander of division 450 based at the rebel's main military base of Phnom Malai in the northwest province of Banteay Meanchey.

"They cut themselves from the Khmer Rouge and came to join the royal government today," Hun Sen said, adding that the defections had been negotiated for two months.

Military analysts said the defections could be a fatal blow to the rebel movement.

"These are big guys, significant people," said one. "This is the beginning of the end, it's hard to see it any other way."

Hun Sen said he thought the scope of the continuing civil war would be drastically reduced with the defections.

"Now I can say that the total is around 3,000 and I think that at least 50 percent of the war is over because the last nests (of the Khmer Rouge) that everybody knows are Pailin and Phnom Malai."

On June 6, AFP reported that Pol Pot was either dead or fatally ill.

A deputy commander of the rebel group, speaking on the Thai-Cambodian border, added that Pol Pot had already died.

At least one report said Pol Pot was buried under a tree at the rebels' stronghold of Phnom Malai, near the Thai border, a senior Cambodian intelligence officer has told AFP.

However, no government or intelligence service has so far been able to confirm officially the whereabouts of the enigmatic ultra-leftist leader.

Pol Pot, blamed for the death of some two million Cambodians during the Khmer Rouge's 1975-1979 experiment in agrarian communism, has not been seen in public in at least 15 years.

Cambodia: Top Khmer Rouge Defectors Reportedly in Bangkok

BK0808093096 Hong Kong AFP in English
0911 GMT 8 Aug 96

[FBIS Transcribed Text] PHNOM PENH, Aug 8 (AFP) — Three senior Khmer Rouge guerrillas who defected to the Cambodian government Thursday are now in Bangkok being de-briefed by military officials, a senior intelligence source said.

"They are all in Bangkok now," the source said, referring to the rebels' number two, Ieng Sary, and division commanders Sok Pheap and Mit Chien.

General Pol Saroeun, the Deputy Chief of Staff of the Royal Cambodian Armed Forces who earlier this year negotiated the defection of the last major Khmer Rouge official, commander Heng Pong, was leading the interrogations, the source said.

Several other sources said they could not comment on the whereabouts of the three who were stationed at major rebel bases in northwest Cambodia near the Thai border.

Those bases, Pailin and Phnum Malai, are now considered to be under government control and officials from various ministries have been sent there to establish administrative offices, the source said.

Ieng Sary, "Brother Number Two" to Pol Pot who was known as "Brother Number One," was accused of treason and "selling out" the movement by Khmer Rouge radio Thursday, which declared he should be "destroyed."

That communique, issued by the rebels' clandestine radio station, came as co-Premier Hun Sen announced that some 3,000 rebels and the two division commanders had defected to Phnom Penh.

Hun Sen did not mention Ieng Sary by name in announcing the defections but said that "other senior leaders will come along" following two months of negotiations that began in June around the time that Pol Pot was reported to have died.

The intelligence source said another "very senior" Khmer Rouge official had travelled to Phnom Penh several times in the past two months to negotiate the defections.

He said the government had spent at least 40,000 dollars to ease the process.

In making his announcement, Hun Sen did not say that the rebels had been paid, but said that some "secret funds" had already been spent in the negotiations.

In Bangkok, there was no immediate confirmation from Thai officials of the news from Phnom Penh.

But an informed source said that Pol Saroeun and another general, identified as Sou Kimsun, had transited Bangkok last week en route to negotiations in Pailin.

The source said he had no information on the current whereabouts of the generals or the Khmer Rouge defectors.

Cambodia: Khmer Rouge Brands Ieng Sary a Traitor

BK0808052496 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Aug 96

[Declaration by the Cambodian nation and people, Democratic Kampuchea, and the cadres and rank and file of the National Army of Democratic Kampuchea on 7 August; place not given]

[FBIS Translated Text] I. Ieng Sary, also known as Van, has unmasked himself as an enemy of the nation, people, and national resistance forces, having sold himself to the alliance and the communist Vietnamese aggressors, annexationists, and race-exterminators.

II. This Ieng Sary, a.k.a. Van, has for years opposed the nation, people, and resistance forces in various forms and through various activities, working to undermine the nation, people, and resistance forces. These acts show that he has colluded with the old and new enemies of the nation because of his inordinate greed and ambition. Over the past few years, not only has this Ieng Sary, a.k.a. Van, failed to do anything for the nation, people, and resistance forces but he has instead served the strategy, tactics, and objectives of both the old and new enemies — namely, communist Vietnam and the villainous alliance.

We would like to cite a few indisputable examples to prove the treason, the betrayal, of this Ieng Sary, a.k.a. Van. These are as follows:

1. In his capacity as the official responsible for Chinese aid, especially the financial and material aid from China, he embezzled about 250 million bahts [Thai currency] worth of this aid money and equipment between 1985 and 1991. He used this money to purchase cars and large mansions and to send his children to study abroad, allowing them to live in the greatest luxury. He bought 10 million bahts worth of jewels, gold, and diamonds for his wife. This theft of foreign money given to the Cambodian national resistance forces to be used for saving the nation and people and for paying monthly salaries to the army has caused us to have dire needs and wants. This act can be seen as an attempted sabotage of the strength of our nation, people, and national resistance forces — and especially against the national army, which is the pillar of the struggle against the genocidal communist Vietnamese aggressors and their lackeys.

2. The base under his control was Malai. When he was in charge of this base from 1979 to 1993, he built a large house in front of the shelters of our fraternal combatants and cadres, most of whom were living in the

most difficult conditions. He provided not even a drop of drinking water for either our cadres and army members or their dependents. He did not pay any attention to the self-support economy of the cadres, army members, and their dependents, leaving those cadres, army members, and their dependents to struggle for their own livelihood under extremely trying conditions.

3. This Ieng Sary, a.k.a. Van, and a handful of his associates who held important leading positions in this region concentrated their attention only on the massive logging and selling of trees. In 1991, 1992, and 1993 this Ieng Sary, a.k.a. Van, cut precious wood, such as Beng [wild date-tree], worth a total of 400 million baht. Not even a cent of this money did he spend on creating conditions for our brothers in the army and their dependents to engage in production so they could enjoy a decent, better life. Not a single drinking-water well was sunk. The people in Malai said repeatedly with great indignation that this traitor cared about nothing more than stealing, at the expense of our army members and their dependents, so as to enrich himself and his family.

4. He was in charge of the Malai base. However, of the 360 days of every year, he spent no more than 30 days in the area. He went there merely to give instructions to his men and stooges about cutting more trees for sale. Consequently, the cadres, army members, and their dependents in Malai never received anything from him that would help the progress and development of the struggle to save the nation and defend Malai and that would make it possible for them to engage in production for self-sufficiency as regards their livelihood.

5. This Ieng Sary, a.k.a. Van, has never been close to the Cambodian nation, people, army members, and their dependents. He has not been close in terms of language, words, customs, tradition, spirit, or sentiment. Consequently, his only concern is to stay away from Malai. Particularly, during each dry season, when fighting takes place on the battlefield, this Ieng Sary never shows his face in Malai because he is extremely scared of hardship, malaria, and other illnesses — and, especially, he is more afraid of both large and small firearms than a mouse is afraid of a cat. When there are difficulties in life, especially battlefield difficulties, he runs away from Malai, leaving Malai in the cold every year.

For this reason, the Supreme Command of the National Army of Democratic Kampuchea [NADK] is forced to send troops to rescue Malai for days every dry season. Nevertheless, this Ieng Sary, a.k.a. Van, has felt no shame at all. Each time, once the enemy was beaten back and driven out of Malai, he would return to Malai and strut around pretending it was he who orchestrated the defense of Malai. But the people hate this Ieng

Sary, a.k.a. Van, and consider him a piece of excrement because he does not care in the least about solving any livelihood problems for the people, army members, and their dependents and because he is so afraid of fighting that he would not hesitate to run away and let others down.

6. In 1993-94 communist Vietnam, its puppets, the two heads, and the alliance jointly announced the outlawing of Democratic Kampuchea. At that time, this Ieng Sary, a.k.a. Van, ran for dear life, letting down the nation, the people, the cadres, the army members, and their dependents, saying not a word to a soul. He fled because, on the one hand, he was very much afraid that the nation, the people, and the resistance forces would not be up to fighting and, on the other hand, he thought that with the hundreds of millions of baht he already had, he could live in total luxury and extravagance on the mountain of money he had stolen from the nation, people, resistance forces, and army members and their dependents.

Just a few days ago, he showed up in Malai again, because communist Vietnam and the alliance had sent him there in order to split the strength of our army and army dependents there.

7. This Ieng Sary, a.k.a. Van, robbed the gem trade in Pailin of hundreds of millions of baht, leaving the army members and their dependents in total need and causing them to suffer a hard life every year.

III. This is why the nation, people, Democratic Kampuchea, and NADK [National Army of Democratic Kampuchea] would like to declare officially, publicly, and forcefully that this Ieng Sary, a.k.a. Van, has utterly betrayed the nation, people, cadres, and army members and their dependents. He has sold out the nation, people, cadres, and army members and their dependents to communist Vietnam, the alliance, and the communist Vietnamese puppets. Therefore, he is a criminal who has colluded with the enemy, especially in allowing communist Vietnam to snap at and swallow up Cambodia in order to turn this country into another Kampuchea Kraom [Cambodian territory annexed by Vietnam in the 17th century]. As a traitor, a man who has sold out the nation, who has colluded with the enemy — especially in allowing communist Vietnam to swallow up the Cambodian nation, people, and race — he has indisputably committed a crime before the nation, people, cadres, army members, their dependents, and history. Therefore, this Ieng Sary, a.k.a. Van, must be severely punished because he has sneakily posed as a resistance fighter whereas he is in reality an enemy of the entire nation — people, cadres, and army members and their dependents.

The Cambodian nation and people, the Cambodian national resistance forces, and all the army dependents fully reject him and demand that he be completely eliminated from all localities throughout Cambodia, destroyed.

Brothers and sisters who are cadres, army members, and army dependents must clearly understand that this Ieng Sary, a.k.a. Van, has brought the enemy to crush our bases — especially in Malai and Pailin — so that these bases would fall into the hands of the enemy, particularly the hands of communist Vietnam and its puppets. As a matter of fact, his treason is tantamount to opening the door for communist Vietnam, the alliance, and their lackeys to decapitate all of you; seize your land, fields, and orchards; seize your homes; and massacre your spouses and children, a crime worst than that which communist Vietnam and the alliance are committing in jointly killing our nation and people throughout the country — particularly in eastern Cambodia and more particularly in the provinces of Svay Rieng and Prey Veng. Those of you, brothers and sisters who love the nation and people, who used to perform feats of arms to save the nation, people, and race, can you allow this Ieng Sary, a.k.a. Van, to continue his nation-betraying, nation-selling-out, population-murdering activities? The answer is: No, never. You will surely join hands in resolutely destroying him. He has hidden himself among our resistance fighters for years. Now, he has fully unmasked himself. You can see him clearly now. You should pass on him a timely judgment in keeping with his nation-betraying and nation-selling-out crime.

[Dated] 7 August 1996

[Signed] The Cambodian nation and people, Democratic Kampuchea, NADK cadres and rank and file

Cambodia: Khieu Samphan Comments on 1997-98 Elections

BK0808091896 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 7 Aug 96

[Interview with Khieu Samphan, PGNUNS prime minister of the Provisional Government of National Union and National Salvation and chairman of the National Union Party, by unidentified station correspondent on 7 August; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings to Your Excellency the Prime Minister. Recently, Ranariddh said publicly: Since they have now done in FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] to

this point, how will they crush us again in the 1997-98 elections? Do you have any comment on this?

[Khieu] Yes, they were that badly done in. Do they still not see the true nature of this communist Vietnamese administration? This communist Vietnamese administration has crushed the FUNCINPEC, His Excellency [H.E.] Son Sann's Buddhist Liberal Democratic Party, other political parties, ANKI [National Army of Independent Cambodia] and other para [non-communist resistance fighters] groups since the time the Western alliance joined hands with communist Vietnam to put the two heads together. It will definitely continue to crush everyone. It will not let anyone stand in its way in the 1997-98 elections. It will leave only a stinking veneer for use as a smokescreen to show that the two heads still exist so as to avoid others from seeing that there is only one head left, the communist Vietnamese head. They cannot hide this anymore from our nation and people, as well as from the world as a whole. As for the masses in the FUNCINPEC and ANKI and other parties, they will not stand by with folded arms and let the communist Vietnamese and their puppets crush them, nor will they have illusions about the 1997-98 elections. Illusions means extending time for the communist Vietnamese and their puppets to kill them at will. It means letting communist Vietnam annex and turn Cambodia into a second Kampuchea Kraom. Therefore, they are now fighting back — politically, legally, and using arms. They will not just sit and wait to be killed.

[Correspondent] Hun Sen has continued to claim loudly that there were attempts to kill him. What is your opinion?

[Khieu] Yes. It is the communist Vietnamese who ordered Hun Sen to make such a clamor. It is the trick of a thief crying: Stop, thieves! The communist Vietnamese and their lackey Hun Sen are the criminals, arch-criminals.

He loudly claimed that there were criminals trying to kill him. Why? It is so that he can continue killing anyone he wishes at will. From now on, he will keep creating more and more stories to show that there are attempts on his life, so that he can kill others at will. He has killed so many people already. He even killed FUNCINPEC members, FUNCINPEC advocates, H.E. [His Excellency] Sam Rangsi's party members, and ANKI and other para soldiers. When the 1997-98 elections come, he will put his ballots in the boxes at will. Even though there will be foreign observers, those foreigners will not be able to see this because they come only once a while. Meanwhile, the communist Vietnamese puppet administrators are everywhere —

from villages, communes, and districts up to provinces, in the police, interior, security, armed forces, and so on.

[Correspondent] Yes. Communist Vietnam and its lackey Hun Sen have trampled on human rights and democratic rights. They even trampled and burned the king's pictures. In a word, they are trampling underfoot the conditions of the aid agreement in Tokyo. What do the aid donors — alliance — think about this?

[Khieu] Yes. It seems the Western alliance is now out of its wits. It curried favor with communist Vietnam so as to come to Cambodia. The Western alliance thinks it is most brilliant. But the communist Vietnamese are more cunning than the most cunning. They jeered at the alliance. The Western alliance is at wits' end. However, the heavily-chastised FUNCINPEC and a great many parties and political personalities have now seen the problem. Do not rely on the sky and the stars for help. First, it can only bring you disaster. Second, you should have no illusions about the 1997-98 elections, like the 1993 elections organized by UNTAC [UN Transitional Authority in Cambodia]. These elections are not normal, as in independent and sovereign countries, where losing parties can sit and wait for a turn via the next election in four years' time. It is a matter of the Western alliance's colluding with communist Vietnam to maintain the two heads for another term. But the two heads are just a veneer. Therefore, intentionally or not, it is just a conspiracy between the alliance and communist Vietnam to allow communist Vietnamese and their lackey Hun Sen to continue monopolizing fascist, dictatorial power for another five-year term, so he can kill anyone at will for five more years — and can continue sending more Vietnamese into Cambodia at will for five more years, until they outnumber the Cambodian people, so that communist Vietnam can swallow up Cambodia as far as its territory, population, economy, social institutions, culture, literature, national traditions, and all other aspects are concerned. By then, communist Vietnam does not have to set up another farce (?to deceive anyone).

Therefore, all political personalities who really love the nation and democracy will not get themselves involved in this fallacy. Either they withdraw from the communist Vietnamese's election farce to enable communist Vietnam to swallow up Cambodia; or they fight back. Our nation and people want a free and fair democratic election within the framework of a genuine liberal democracy, an independent and sovereign Cambodia, and national reconciliation, with all national forces joining in. Our nation and people do not want a sham election under the communist Vietnamese administration that will enable communist Vietnam to swallow up and turn

Cambodia into a second Kampuchea Kraom. Our nation and people from all social strata have joined hands in a determined struggle. The status of this struggle clearly attests that our nation and people can fight.

The old and new enemies are deeply bogged down in extremely serious crises and disputes, in all aspects. No matter how hard they have tried, the communist Vietnamese have been unable to rescue their puppets. The trend is that they will become even more seriously bogged down in all aspects until they die.

Indonesia

Indonesia: Suharto Warns Workers Against 'Irresponsible' Groups

BK0808121696 Jakarta SUARA PEMBARUAN in Indonesian 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] 8 Aug — President Suharto has urged workers to consolidate themselves from the company level to the national level through the All Indonesian Workers Union.

The consolidation is necessary because workers can be targeted by irresponsible people or groups who claim to represent the workers.

The head of state made the appeal when he met Manpower Minister Dr. Abdul Latief at the Bina Graha Presidential Office in Jakarta on Thursday morning. Latief reported to President Suharto on several matters, including the firm stance of the All Indonesian Workers Union over the 27 July 1996 riots. [passage omitted on efforts to promote the welfare of workers]

Indonesia: Muslim Intellectuals Support Action on Riots

BK0808150496 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 8 Aug 96

[FBIS Translated Text] The Indonesian Muslim Intellectuals Association [ICMI] opposes the concepts and actions of the so-called People's Democratic Party [PRD] and other groups that reject the basic pillars of the unitary Republic of Indonesia and the new order government. ICMI General Chairman B.J. Habibie conveyed the ICMI's policy statement on recent Jakarta riots to President Suharto at the Bina Graha Presidential Office today.

Speaking to reporters after conveying ICMI's policy statement, Habibie said that the ICMI fully supported and appreciated the government's action over the riots. According to Habibie, those involved in the 27 July incident must be legally accountable for their action.

Regarding this, the ICMI stressed the need for all sides to exercise self-restraint and avoid extrajudicial recriminations. Accordingly, Habibie urged all people to uphold the presumption of innocence as the basic principle of national law.

Indonesia: Megawati Camp Files Police Complaint Against Suryadi

BK0808101296 Jakarta KOMPAS in Indonesian 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Alexander Litaay, secretary general of the Indonesian Democratic Party [PDI] Central Executive Council elected at the 1993 National Consultative Meeting, and Agung Imam Sumanto, chairman of the PDI Central Executive Council Task Force, filed a complaint against Suryadi, general chairman of the PDI Central Executive Council elected at the 20-22 June 1996 Medan Congress, with the Public Relations Service of the Metropolitan Jakarta Police at about 1115 West Indonesian Standard Time on Wednesday (7 August).

Similar complaints were filed against Buttu Hutapea, Romulus Sihombing, Alex Widya Siregar, and Harsoko Sudiro. According to the complaints, they committed acts of torture, destruction, and assault and sparked riots in Jakarta on Saturday (27 July). Litaay and Agung were accompanied by about 40 lawyers, including R.O. Tambunan, Hasoloan Hutabarat, and Simeon Petrus.

Lieutenant Colonel Drs. [academic title] Iman Haryatna, chief of the Metropolitan Jakarta Police Information Service, confirmed the report. "We have received the report and will study it," he said. [passage omitted]

Litaay and Mangara Siahaan, who were accompanied by scores of lawyers from the Team for the Defense of Indonesian Democracy [TPDI] led by R.O. Tambunan lodged a complaint with the National Commission on Human Rights over unfair and disproportional investigations by police.

"Why has the Megawati camp been targeted over the rioting sparked and engineered by Suryadi and his friends? That is unfair. Moreover, the trouble was sparked by Suryadi, who is concurrently a deputy chairman of the House of Representatives and People's Consultative Assembly," said R.O. Tambunan, who spoke on behalf of the lawyers, before Sugiri, a member of the National Commission on Human Rights, and M. Salam and Nur Anwar, the commission's staff workers.

Accordingly, the TPDI has asked Wahono, chairman of the House of Representatives and the People's Consultative Assembly, to suspend Suryadi from his

post. The appeal was contained in Letter No. 05/S/TPDI/VIII/96 dated on 7 August 1996.

The letter was conveyed by R.O. Tambunan, a TPDI member, to the secretary general of the House of Representatives yesterday. According to the TPDI, Suryadi might have been involved in the assault against the PDI Central Executive Council headquarters at 58 Diponegoro Road in Jakarta as the reason for the need to suspend him from the post. The assault sparked riots on 27 July 1996.

Litaay also asked the National Commission on Human Rights to help cross check [preceding two words in English] the incident. The pro- Megawati PDI Central Executive Council is strongly hoping that the National Commission on Human Rights will help restore the currently unhealthy political situation. Sugiri responded by saying that the commission promised to study the complaint. No early action is, however, possible because thorough and accurate data is needed.

According to Sugiri, the commission invited Suryadi to explain the incident. There has been no response so far. Nevertheless, the National Commission on Human Rights will remain independent and will not be influenced by other parties over a probe into the case. [passage omitted]

Indonesia: Harmoko on Economic Ministers Meeting, Riots

BK0808101896 Jakarta KOMPAS in Indonesian 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] President Suharto asked all the Sixth Development Cabinet ministers to attend a limited meeting for ministers in charge of economic, finance, development supervision, and production supervision on Wednesday (7 August) at the Bina Graha Presidential Office in Jakarta. On the occasion he explained in detail the background to the 27 July 1996 riots in Jakarta.

President Suharto called on all ministers to defend the Pancasila state ideology and the 1945 Constitution. He also urged the people to remain vigilant and to maintain national stability, unity, and cohesion.

Information Minister Harmoko said this to journalists after he announced the outcome of the limited meeting at Bina Graha yesterday.

Earlier, in his press briefing on the outcome of the limited meeting, Harmoko said that the inflation rate in July was 0.68 percent. However, although the inflation rate in July only reached 0.68 percent, President Suharto had

instructed all the relevant ministers to check and recheck [preceding three words in English] the production, acquisition, and distribution of goods.

Harmoko said that almost all cabinet ministers were present at the briefing session by President Suharto on the 27 July Jakarta riots. Only three ministers were absent from the one-hour session — T.B. Silalahi, minister of state for administrative reform; Tarmizi Taher, minister of religious affair?; and Hayono Isman, minister of state for youth and sports. The three ministers were on overseas visits.

Harmoko quoted President Suharto as saying that it was clear that the so-called People's Democratic Party (PRD) had masterminded the riots and the group had evidently sought to attack the government.

Harmoko said that the PRD, which issued its manifesto on 22 July 1996, had clearly adopted the PKI's [Indonesian Communist Party's] way of thinking and tactics. For this reason, the government is calling on all the people to always improve their vigilance and maintain unity and cohesion.

Harmoko added that it would accordingly be more possible to realize the New Order aspirations — a just and prosperous society in accordance with the Pancasila ideology and the 1945 Constitution. "President Suharto called on all ministers to continue to defend the Pancasila ideology and the 1945 Constitution," Harmoko said. [passage omitted on background to the 27 July riots]

Indonesia: Minister Warns of Communist Penetration in Press

BK0808095996 Jakarta SUARA PEMBARUAN in Indonesian 7 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, 7 Aug — A call on the national press to be vigilant against the penetration of communism into its ranks was made at a get-together meeting attended by the information minister, the governor of Jakarta, and senior Indonesian journalists belonging to the Jakarta chapter of the Indonesian Journalists Association on Tuesday (6 August).

The meeting, held in conjunction with the celebrations to mark the 269th anniversary of Jakarta and the 51st anniversary of the Republic of Indonesia, was attended by about 120 senior journalists, who are over 60 years old. During the occasion, Information Minister Harmoko and Jakarta Governor Suryadi Sudirja presented accident insurance cards and souvenirs to two senior journalists, namely, Mrs. SK Trimurti, 84, and Hussein Nur, 86.

At the meeting, which was held in a family-like atmosphere, Harmoko talked at length about the country's press, which had been seriously undermined by PKI [Indonesian Communist Party] activities about 30 years ago. Whenever he cracked jokes during his speech, his audience, consisting of senior citizens, laughed and clapped their hands.

Harmoko called on the press to become a pioneer in safeguarding the New Order and refrain from actions that cause instability because national development will not go ahead if the situation is uncertain and chaotic.

The PKI had always used media as an important vehicle for propaganda and agitation. "The PKI was able to become one of the five big parties after the 1955 general elections only four years after it was crushed. This is unbelievable! Such was the PKI, a party that never gave up its struggle. It rebuilt itself and then launched the 30 September 1965 coup attempt, but was again crushed by ABRI [Armed Forces of the Republic of Indonesia] and Indonesian people. [passage omitted]

Harmoko stressed the younger generation should be aware of the PKI's tactics to instigate and spread hate among people. Therefore, he urged everybody to help safeguard the New Order, which is always fighting for truth and justice.

"Now you are aware of the existence of illegal leaflets and those who want to undermine ABRI's role in dealing with the 27 July 1996 rioting. Their attempt is very clear and we must be able to see it. In this case, journalism will be able to tell which one is true or false. [passage omitted]

Indonesia's Hartono: Suyono To Be Replaced 'Soon'

BK0808133896 Jakarta MEDIA INDONESIA in Indonesian 6 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta (MEDIA) — General R. Hartono, Army Chief of Staff has confirmed with MEDIA that Lieutenant General Suyono, chief of the ABRI [Armed Forces of the Republic of Indonesia] general staff, will soon be replaced.

When asked whether it was true that Lt. Gen. Tarub will take over the post from Suyono, Gen. Hartono said: "You already know about this, don't you?. This morning he chaired the meeting of the heads of secretariats under the Coordinating Agency for the Strengthening of National Stability."

Lt. Gen. Suyono, whose legs were still in bandages due to a road accident in Sulawesi recently, was also present at the meeting.

Gen. Hartono was met by MEDIA yesterday after he attended a religious ceremony marking the 100th day of late Madame Tien Suharto's death at the Giribangun Mausoleum in Karanganyar.

Asked whether this would mean that Tarub will assume the post of the chief of the ABRI general staff, Gen. Hartono said: "Just wait first."

"Is it true that the appointment letter for the post will be issued this week?" MEDIA asked.

"Please direct the question to the Armed Forces commander," Gen. Hartono said.

Several sources for MEDIA have indicated the plan for the reshuffle. Last Thursday (2 August) Gen. Hartono had an audience with President Suharto. A day later, Armed Forces Commander Gen. Feisal Tanjung was also received by the head of state. It is not clear whether or not the meeting between the Gen. Hartono, Gen. Feisal, and the supreme commander of the ABRI [Armed Forces of the Republic of Indonesia] included discussion of the plan to appoint a new head of the Armed Forces general affairs department.

Lt Gen. Suyono, 53, was promoted as the chief of the ABRI general staff on 1 February 1995, together with Lt. Gen. Muhamad Ma'ruf, who became the ABRI chief of sociopolitical affairs at that time. The two officers are graduates of the National Military Academy batch of 1966. "Therefore the plan to replace the chief of the ABRI general staff is something normal, and has been prepared for a long time," sources for MEDIA in touch with ABRI said.

When the ABRI headquarters was asked for confirmation of this, Brigadier General Amir Syarifuddin, head of the ABRI information center, said: "We cannot issue an official statement yet." [passage omitted on biography of four candidates tipped to be appointed to the post]

Philippines

Philippines: U.S. Ratification of Extradition Treaty Viewed

BK0808092596 Manila BUSINESS WORLD
in English 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] President Ramos yesterday welcomed the approval by the US Senate of the RP [Republic of the Philippines]-US Extradition Treaty and

the RP-US Mutual Legal Assistance Treaty which were signed in Manila in November 1994 during the state visit of US President Bill Clinton. During his weekly press conference yesterday, Mr. Ramos said the extradition treaty will "enable both governments to pursue cases against economic saboteurs and international terrorists." On the other hand, the accord on mutual legal assistance in criminal matters will "facilitate the prevention, investigation and prosecution of criminal offenses" such as corruption and drug trafficking. The government is expected to use the treaty to extradite a number of Filipino fugitives who have sought refuge in the US to escape prosecution in the Philippines. These include the cronies of the late President Ferdinand Marcos. Both treaties will come into force as soon as the instruments of ratification are exchanged by both countries. The Philippines has forged similar accords with other countries to pursue criminals who have sought shelter abroad. These include countries like Canada and several European states.

Philippines: Fidel Ramos Discusses Support to KEDO

SK0508005296 Seoul YONHAP in English
0029 GMT 5 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 4 (YONHAP) — Filipino President Fidel Ramos has said that his nation will play the leading role among members of the Association of Southeast Asian Nations (ASEAN) in giving policy and financial support to the Korean Peninsula Energy Development Organization [KEDO].

Manila supports the international community's effort to have North Korea utilize its nuclear program for peaceful purposes, the president told the SEOUL SINMUN in an interview Thursday.

Ramos said his government has rewritten or abolished 130 or more related laws to make the Philippines a more attractive place for investors.

Ramos expressed his confidence that the 21st century would be an Asia-Pacific era and called on Seoul and Manila to take leading roles in it.

Philippines: Cambodia Assured of Support for ASEAN Membership

BK0808060696 Quezon City Radio Filipinas
in English 0230 GMT 8 Aug 96

[FBIS Transcribed Text] President Ramos has welcomed Foreign Minister Ing Huot of Cambodia and expressed optimism that the Philippines and Cambodia can continue the process of interaction, which began with the president's visit to Cambodia last year. The president, in his meeting with Cambodia's foreign minister

at Malacanang's music room, reiterated his support for Cambodia's membership in the Association of South-east Asian Nations, ASEAN, which will be decided in July next year at the 30th ASEAN Ministerial meeting. President Ramos also reaffirmed the Philippines' offer of assistance in terms of human resources development programs to prepare Cambodia for its membership in ASEAN. ASEAN is composed of the Philippines, Indonesia, Malaysia, Brunei Darussalam, Singapore, Thailand, and Vietnam.

He also reiterated the government's commitment towards the development and future progress of Cambodia saying that the reopening of the Philippine embassy in Phnom Penh is a concrete manifestation of the country's commitment to strengthening relations with the war-torn country.

The president, during the same meeting expressed its optimism that in the near future, the Cambodian Government will establish its embassy in Manila. Last January, the president designated Thelmo Cunanan as permanent ambassador to Cambodia, a post that was left vacant for 16 years. The president said that aside from technical assistance and support, the Philippine Government may also offer Cambodia assistance in the areas of agriculture and public health.

Philippines: Donations to APEC Foundation Given 'Zero-Tax Rate'

BK0808064696 Manila BUSINESS WORLD
in English 7 Aug 96

[Report by Paul N. Villegas — received via Internet]

[FBIS Transcribed Text] Determined to involve the private sector on the preparations for the forthcoming Asia-Pacific Economic Cooperation (APEC) ministerial and leaders meetings, President Ramos yesterday approved a scheme that would impose zero-tax rate on monetary donations to the APEC Philippines Foundation.

The move was recommended by former Foreign Affairs secretary Roberto Romulo, a member of the APEC Business Advisory Council (ABAC), and former Trade secretary Rizalino Navarro, presidential consultant on APEC, to encourage the private sector to commit more money for the series of APEC meetings which the Philippine Government will be hosting this year.

Messrs. Romulo and Navarro, along with APEC organizing committee director-general Lisandro Abadia and representatives of the local business community, gave an update on the preparations for the APEC ministerial and leaders meetings in November in Manila and Subic, respectively, at Malacanang.

The APEC Foundation is hoping to generate at least PhP(Philippine peso)145 million from the private sector to finance the cost of hosting the APEC meetings and other related activities.

The government is expected to spend some PhP387 million for hosting the APBC meetings this year, the most important of which is the leaders summit, to be attended by US President Bill Clinton and Chinese President Jiang Zemin, among others.

Fund Sources

To raise its PhP145-million target, the Foundation plans to tap the banking community to infuse PhP30 million; the Filipino-Chinese business community with PhP65 million; and the "general" business community with PhP50 million.

At present, Mr. Romulo said the Foundation has already received P120 million for the APEC meetings.

Six Filipino-Chinese taipans, through their Asia's Emerging Dragon Corp., pledged some PhP50 million while the Filipino-Chinese Chamber of Commerce and Industry, led by Jimmy Tang, committed PhP15 million.

The taipans, who were present in yesterday's meeting at Malacanang, were William Gatchalian, John Gokong-wei, Jr., Andrew Gotianun, Lucio Tan (represented by Mariano Tan), Henry Sy and Alfonso T. Yuchengco (represented by former Press Undersecretary Virgilio Pantaleon).

Mr. Gatchalian committed an additional PhP5 million to the project from his personal fund.

Philippines: MILF Rejects SPCPD, Prefers Federal Form of Government

BK0808080496 Manila MANILA BULLETIN
in English 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Cotabato City — An official of the Moro Islamic Liberation Front (MILF) said yesterday that the MILF hierarchy had rejected the proposed Southern Philippines Council for Peace and Development (SPCPD) as a peace formula to solve the Mindanao problem.

MILF Vice Chairman for Political Affairs Ghazali Jaafar said the MILF central committee members, during their meeting on July 28-31, agreed that the MILF will not recognize the SPCPD as a solution to their struggle for self-government in Mindanao.

Jaafar said that after an extensive discussion of the matter, the members and the officials of the MILF central committee were not convinced that the SPCPD can solve the Mindanao conflict.

Jaafar also hinted that the MILF may abandon the Tripoli Agreement and instead aspire for a federal government in Mindanao.

"People have no more hope that the Tripoli Agreement can be implemented. Twenty years have passed from the time of Marcos. The government has all the powers to implement the agreement but up to now it has not been implemented," Gaafar said.

He said several government versions of autonomy have already been implemented in Mindanao but all did not comply with the provisions of the Tripoli Agreement.

The Office of the Regional Commission [ORC] and the Lupong Tagapagpaganap ng Pook [LTP; Local Enforcement Group], which comprised Regions 9 and 12, were President Marcos' version of autonomy in Mindanao, while the Autonomous Region in Muslim Mindanao (ARMM), which included the four provinces of Maguindanao, Lanao del Sur, Sulu, and Tawi-Tawi, was established in 1990 under President Aquino's administration.

Gaafar said that opposition to the SPCPD by many sectors in Mindanao, especially Christians, is a clear manifestation that the peace formula will not be effective. "Instead, this may cause a new problem... a new war of three dimensions."

He said after the meeting, the MILF leadership said they believe that the SPCPD "does not address the fundamental problems of the Bangsamoro people, but is just a continuation of the old political games of the government, the divide-and-rule policy."

He said the MILF group is not particular on the kind of system or solution to the Mindanao problem provided the Bangsamoro people's aspirations of self-governance are addressed.

Thailand

Thailand: Border Deal Struck with Burma over Mae Sot Checkpoint

*BK0708051096 Bangkok THE NATION in English
7 Aug 96 p A6*

[Report by Rita Patisasewi]

[FBIS Transcribed Text] Rangoon — Thailand and Burma will soon allow border trade to resume at a checkpoint in Tak province, which links Burma's Myawaddy province, to promote bilateral trade, Foreign Minister Annua Wirawan said yesterday.

He said that the agreement was reached during discussions with Than Shwe, the chairman of the State Law and Order Restoration Council [SLORC], to look for ways to improve bilateral ties.

"Both sides agreed that border trade should be allowed at the Mae Sot-Myawaddy checkpoint, instead of only allowing people to cross over," Annua said.

Burma last year shut three checkpoints along the border following the murder of several Burmese fishermen and the plan to extend the Moei River banks to an islet.

The country also ordered construction to be suspended on the Thai-Burmese bridge in Tak province, leading to the straining of relations.

However, following Prime Minister Banhan Sinlapacha's official trip to Rangoon earlier this year, Burma agreed to open the checkpoints.

Annua's four-day official visit to Rangoon, which included a meeting of the Thai-Burma Joint Commission, ended on Monday.

Burmese Foreign Minister U Ohn Gyaw accompanied Annua yesterday to pay a courtesy call on Gen. Than Shwe.

Annua said he also discussed energy cooperation between the two countries, especially the ongoing pipeline project to bring gas from Martaban to Thailand.

Burma, he added, has expressed a desire to see Thai investment in the country to help develop deep-sea port facilities, as well as tourism.

He said Burma was willing to allow Thailand to construct a tourist resort in Maung Makan in Tavoy which could be linked to Kanchanaburi.

Thailand: Resumption of Cross-Border Trade With Burma Detailed

*BK0808091696 Bangkok BUSINESS DAY in English
8 Aug 96 p 1*

[Report by Chatchai Yenbunrung]

[FBIS Transcribed Text] Prime Minister [title as published] Annua Wirawan has scored his first major diplomatic victory since becoming Foreign Minister in May by securing concessions from Myanmar [Burma] leaders on border and fishing disputes.

During his briefing to leading Thai businessmen in Yangon [Rangoon] after his 4-day official visit, Dr. Annua said cross-border trade between the two countries is expected to resume immediately.

He said after his meeting with State Law and Order Restoration Council (SLORC) Secretary-General One Lt. Gen. Khin Nyunt and the the Joint Border Commission that both sides have reached agreement to re-open the border checkpoint in Mae Sot district of Tak. Following the successful meeting in Yangon, customs officials from both countries will be sent to man the border crossing to prepare for a resumption of cross-border trade.

Dr. Amnuai said the resumption of trade will help Thai industries as well as traders, especially textile and consumer product suppliers.

Cross-border trade in Mae Sot and Myawaddy has been suspended and the opening of the Friendship Bridge linking Mae Sot and Myawaddy has been delayed for more than a year because of the existing dispute over the border demarcation along the Moei River.

Dr. Amnuai said that he has reached an understanding with Myanmar leaders on the territorial dispute and will instruct the Thai Interior Ministry to undertake efforts to end it.

On fishing issues, he said Myanmar leaders have shown goodwill by suspending the ban on trawlers fishing in Myanmar waters selling their catches to Thailand. The ban was the result of the incident in which Myanmar fishermen were killed by Thai fishermen last year. That incident prompted Myanmar to suspend all fishing rights previously granted to Thai companies, followed by the ban.

The ban resulted in trawlers fishing in Myanmar waters selling their catch to Malaysia before being transported to Thailand. Dr. Amnuai complained to the Myanmar leaders that the ban was discrimination against Thailand, which instead should be given most favored nation status. He said the Myanmar Government may be unhappy with certain Thai fishing companies, but should not retaliate against Thailand.

Dr. Amnuai said the ban had been lifted on July 16 and urged fishing trawlers to play by the rules to avoid any future retaliation.

He also appealed to Thai businessmen investing in Myanmar to think long-term and avoid taking short-term benefits at the expense of the host country.

"I have opened the door for you. Whatever you have asked me to say to the Myanmar leaders I have said, and they are sincere in cooperating (with Thailand)," Dr. Amnuai said.

He said that Myanmar leaders have informed him that Yangon has pacified 15 different dissident minorities, so that has resulted in political stability.

On Myanmar's application for ASEAN membership at last month's ASEAN Ministerial Meeting in Jakarta, Dr. Amnuai said he urged the Myanmar leaders to open up their country and make necessary reforms, to abide by the ASEAN Free Trade Area (AFTA).

"It is very realistic to say that Myanmar, Laos and Cambodia will all become ASEAN members by 1998, to achieve the Southeast Asia One or ASEAN-10," said Dr. Amnuai.

Myanmar leaders have also asked him to increase Thai Airways International flights to Myanmar.

Thailand: Editorial: 'No Real Progress' From Amnuai's Burma Visit

BK0808044196 Bangkok THE NATION in English 8 Aug 96 p A4

[Editorial: "No Change At All in Thai Policy on Burma"]

[FBIS Transcribed Text] Apparently, the leaders of the State Law and Order Restoration Council (SLORC) know how to play bilateral games with Thailand. As expected, Deputy Prime Minister and Foreign Minister Amnuai Wirawan expressed triumph upon his return from Rangoon yesterday after receiving what he and the members of the Thai delegation were looking for in the first place: rewards.

Soon after assuming the position of foreign minister, he managed to downgrade whatever new assessments Thailand had made regarding the situation in Burma. When SLORC launched a crackdown on the prodemocracy movement, Bangkok had the sense to express concern over the incident and called for more dialogue to hasten national reconciliation and democratization. But within a few weeks, Amnuai managed to assure the SLORC leaders that nothing had changed in Thailand's policies, and that it was business as usual. By doing so, he actually discontinued his predecessor's approach that called on SLORC to show some flexibility toward the opposition led by Aung San Suu Kyi.

Before and during the recent ASEAN foreign ministerial meeting in Jakarta, Amnuai stood up for Burma when the West questioned ASEAN's stance toward the military regime. Undoubtedly, after dispatching special envoys to Bangkok to find a common approach that both Thailand and the West could use to bring about national reconciliation and democracy in Burma, Washington felt disappointed because the Banhan government failed to show some leadership. And obviously, Thailand wants to maintain the status and continue doing business with SLORC.

Appropriately enough, this time Amnuai went to Burma with much fanfare and he was accompanied by hordes of hungry businessmen eager to receive the windfall from his support of SLORC. As expected, Burma decided to allow Thai fishermen and trawlers to operate in its territorial waters once again after a previous agreement was scrapped last year. Everyone in Thailand knows how powerful the fishing industry lobby is and their influence over politicians. Additionally, Burma also agreed to set up a customs clearing house at the Mae Sot-Myawaddy checkpoint to boost border trade. As such, two major agreements were signed after Amnuai's visit.

Now that it has been granted observer status in ASEAN, Burma has to demonstrate some common sense and treat Thailand with some leniency. Certainly, nobody entertains the idea that the present arrangements will continue for a long time. By using the trade issue and control of border points, Rangoon has once again demonstrated the effectiveness of the carrot and stick approach, especially when dealing with the Thais. The SLORC leadership realises the importance of unity and speaks with one voice unlike its Thai counterparts, who are more concerned with looking after their own interests.

Since 1988, SLORC has rewarded Thai leaders who are willing to dance to their tune. In exchange for their support, they and their political cronies receive favours from SLORC in terms of commercial concessions. Despite the breakthrough as witnessed in Amnuai's trip, Thailand's interests will continue to remain captive to SLORC's whims. As long as the Thai government lacks a clear policy toward Burma, and in the absence of much-needed coordination among concerned agencies, Rangoon can choose at will whom it will ally itself with in this game of musical chairs.

Therefore, whatever personal triumph Amnuai feels he achieved in his recent trip does not represent any iota of real progress in the broad spectrum of Thai-Burmese relations.

Thailand: Editorial Reviews Past 8 Years of SLORC Rule in Burma

BK0808072196 Bangkok BANGKOK POST in English 8 Aug 96 p 8

[Editorial: "Burma's People Will Never Forget"]

[FBIS Transcribed Text] Eight years ago today, thousands of Burmese were brutally gunned down by the ruling State Law and Order Restoration Council (SLORC). Since then the Burmese military regime has opened up the country to international business, but the suppression of the Burmese people continues.

SLORC, the ruling State Law and Restoration Council military regime, today begins its ninth year of oppressive rule over the Burmese populace. The country mourns the more than 3,000 people killed in the popular democracy uprising and the smothering of the flames of democracy in Burma.

On this day (8-8-88) the military murdered men, women, children, monks and students in the streets of Rangoon because they had pleaded for freedom and democracy be returned to the country.

The people had enough. After 26 years of military rule, first under the Revolutionary Council and then the Burmese Socialist Programme Party (BSPP), Burma, once recognised as the "Rice Bowl" of Asia, had become a basket-case after it earned the dubious distinction of being declared a least-developed country.

Today, 34 years after the Ne Win coup and eight years after the Rangoon uprising was brutally suppressed, nothing has changed. The economy is still in ruins, people are still being arbitrarily arrested, imprisoned and tortured. Freedom of speech and the press continues to be stifled by the illegitimate military junta which toppled the democratically-elected government on March 2, 1962.

Since the second bloody "coup" of 1988, the SLORC has changed tactics by declaring a market economy. The Revolutionary Council, the BSPP, and now the SLORC are all the same boys in green. Old wine in new bottles.

We don't deny that new highways, hotels, departmental stores and condominiums have mushroomed in the once staid looking former British colony, especially in Rangoon, the showpiece for tourism and foreign investors.

The benefits, however, are going to the Burmese elite. The military, their immediate family members, close friends and associates, not to mention the pardoned drug warlords allowed to launder their illegal gains for "white money", are reaping the benefits. The trickle-down effect, if any, means only that the Burmese people are being trickled on.

The majority of the 45 million Burmese are living a hand-to-mouth existence. In the remote areas, rice has become a luxury commodity. The kyat, once equivalent to four baht, is now traded at 100 kyat to 16 baht, effectively a 50-percent devaluation.

Amnesty International issued another of its bleak reports on Burma yesterday. It reported new and increased violence by the regime, particularly against minorities. "Types of ill-treatment included repeated beatings with bamboo sticks or rifle butts, and deprivation of food,

water, rest, and medical treatment," and repeated rape, sometimes ending in the death of the victims, Amnesty said.

There is no question the economy has grown. Foreign and Burmese economists put the figure at about six percent annually over the past few years. It is business as usual for the SLORC and its sympathisers — businessmen from the U.S., Europe, Australia and ASEAN, and in some cases governments themselves.

The moral question is this: should we continue to prop up a regime which cares little for its people?

As in the Philippines, "people's power" will eventually prevail. It is time we took a long, hard look at our "constructive engagement" approach towards a pariah regime. Just as the Burmese will always remember August 8, 1988, so shall they remember who their friends and foes were once democracy is returned to that country.

Thailand: PRC Vice Culture Minister Meets General Chawalit

BK0708092396 Bangkok ZHONG HUA RIBAO in Chinese 7 Aug 96 p 8

[Unattributed Report]

[FBIS Translated Text] Chinese Vice Minister for Culture Xu Wenbo and his cultural delegation arrived in Bangkok yesterday morning for a week-long official visit to Thailand. During his visit to Thailand, he will sign a memorandum on Thai-Chinese cultural cooperation with the Thai education minister.

In the afternoon, Vice Minister Xu Wenbo, accompanied by Chinese Ambassador to Thailand Jin Guihua and Cultural Attache Yuan Weixue, paid a courtesy call on General Chawalit Yongchaiyut, deputy prime minister and defense minister, at government house. Also present at the meeting was Education Minister Sukhawit Rangsitphon. The two sides exchanged views on cultural exchange between the two countries amid a cordial atmosphere.

Welcoming the Chinese cultural delegation, General Chawalit thanked the Chinese Government for giving a cordial reception to members of the royal family and government officials during their visits to China in recent years.

General Chawalit also said that as the world becomes smaller and smaller, only culture can reflect the distinctiveness of a nation and country.

Chinese Vice Minister for Culture Xu Wenbo said that the signing of the memorandum on cultural cooperation

will further promote bilateral cultural exchange and the close relations between the peoples of the two countries.

The two sides also exchanged souvenirs during the meeting. After the meeting, Chinese Vice Minister Xu Wenbo told reporters that the signing of the memorandum on cultural cooperation is a major event for relations between the two countries. The signing of the memorandum will further strengthen the friendship between the peoples of the two countries and promote cultural exchange between the two countries. This is a milestone in cultural relations between the two countries.

Besides Bangkok, the Chinese cultural delegation will also visit the northern province of Chiang Mai and the resort town of Phattaya.

Thailand: Siam TV Signs Accord To Set Up Production in China

BK0808063296 Bangkok THE NATION in English 8 Aug 96 p B2

[Report by Bamrung Amnatcharoenrit]

[FBIS Transcribed Text] Siam TV and Communication International Inc., a subsidiary of Siam Commercial Bank, yesterday signed an investment agreement worth over Bt(baht)1.3 billion with three Chinese private and state-owned companies to set up a production facility in China.

The joint venture will be called Gu Diaoyutai Film and TV Co. The three Chinese agencies formed a company called Shaanxi CRTV Western International Film and TV Town to hold a 60 per cent stake in the joint venture.

The venture will concentrate on providing film and television equipment, production facilities and studio service for the rapidly-growing Chinese market. Under the agreement, the joint venture will construct a model Chinese city for film production, and a production studio to attract tourists. Lodges and convention room services are also included in the plan for tourists.

The Bt1.3 billion-plus construction will be completed in 2004. The facility will occupy a 1,240 rai plot in Diaoyutai, Baoju City in China. The initial investment is Bt220 million for the first phase. After completion, it will become the biggest studio service in China with a total capacity of 2,000 programmes a year for the China market.

Bannawit Bunyarat, president and CEO of Siam TV and Communication Group, said China is the highest potential market for television and film production facilities. The market is expanding with an annual

growth rate of 35 per cent. However, the existing local producers are suffering from a technology shortage.

In the long term, Bannawit said this business connection will allow the company to look for opportunities for expansion in related entertainment businesses in China, especially movie houses. The entertainment business for both movie and television programmes is popular amongst local people.

Bannawit added the firm plans to import interesting documentary programmes to broadcast through Thai television channels, especially the ITV station, under a programme-exchange scheme.

Thailand: Refugee Situation Along Mekong River Viewed

*BK0808101796 Bangkok SIAM RAT in Thai
7 Aug 96 p 5*

[Midet Decho's Column: "The Border Along the Mekong River"]

[FBIS Translated Text] A huge number of people from Laos and Vietnam have reportedly been clandestinely crossing the Mekong River to find jobs in the border areas. Aliens are allowed to work legally in some industrial zones in the southern and central regions. However, these illegal immigrants from our neighboring countries are now being illegally employed as construction workers or unskilled workers deep inside the country. The influx of the Indochinese immigrants is beyond the control of the Thai authorities.

Rice cultivation in Thailand's northeastern region, Laos, and Vietnam has been adversely affected by this year's drought. Rice crops in many areas withered because of the water shortage.

In June the U.S. Government and UN agencies started sending the Hmong refugees from Napho Refugee Center in the Muang District of Nakhon Phanom for resettlement in the United States. U.S. nationals of Indochinese origin and officials of U.S. private organizations, including Khamsai and Khambang, have been entering Thailand since 20 June. Khamsai and Khambang [Lao names] together with their colleagues proceeded to the border areas to carry out a mission along the Mekong River. It is unknown whether or not their operation was approved by the Interior Ministry. They also claim to work for the United Nations screening Lao refugees for resettlement in the United States.

They approached Lao refugees scattering in the border areas of Nakhon Phanom, Ubon Ratchathani, Mukdahan, and Amnat Charoen Provinces. After having their photos taken and personal records made by the coordi-

nating officials, the refugees have to pay from 120 to 12,000 baht each for their passports and air tickets to fly them to the United States in late October. Those refusing to be registered with the group were to be arrested by Thai authorities and pushed back to the other side of the Mekong River before early August.

Nobody knows why these foreigners are capable of doing such things in Thailand.

A source in the area disclosed that the recruited illegal immigrants were sent to live with the Khmer Rouge [Khamen Tadaeng] in Ratanakiri Province in Cambodia along the border with Surin, Buriram, and Ubon Ratchathani Provinces. The foreigners, who claim to be UN officials working in collaboration with Thai officials, forced the refugees to join a resistance movement and undergo military and intelligence training courses, during which a video tape was made to solicit financial support abroad.

It is unknown what country the resistance movement will be fighting. All countries in the world are now concentrating their efforts to promote foreign trade and build up their economic strength. Modern information technology helps everyone to be informed of any developments anywhere. Sending those illegal immigrants to the malaria-infested and heavily mined jungle is tantamount to sentencing them to death, not a process of resettlement in the United States as claimed by the foreigners. It is an act of violating human rights and security in the border areas along the Mekong River and with Cambodia.

While some countries may have only a few hundred million baht to spend as secret funds, many others have as much as three billion baht for the same objective. With a lot of money, the latter can do anything, including setting up espionage teams or killing squads for operations in any country. However, Thai territory should not be used for such illegal activities. Nobody wants to die before his or her time.

Thailand-ROK Logistics Committee Opens in Bangkok

*SK0508081196 Seoul YONHAP in English
0614 GMT 5 Aug 96*

[FBIS Transcribed Text] Seoul, Aug. 5 (YONHAP) — The joint South Korea-Thailand Logistics Committee opened its fourth conference in Bangkok Monday for the purpose of increasing cooperation in logistics and the defense industry, the Defense Ministry reported Monday.

The week-long session will discuss the problem of concluding a memorandum of understanding on cooperation

through integrating the logistics and defense industry and an agreement guaranteeing the quality of logistical goods, a ministry spokesman said.

The issue of South Korean defense contractors participating in the Thai Armed Forces modernization program will also be addressed at the meeting.

Thailand: Pact on Arms Purchase Reached With French Firm

BK0808044996 Bangkok THE NATION in English
8 Aug 96 p A6

[Report by Nitsara Sihanam]

[FBIS Transcribed Text] The Commerce Ministry has reached an agreement with Giat Industries of France to counter-trade commodities to meet part of the cost of 300 armoured personnel carriers being purchased by the Supreme Command.

Pracha Charutrakunchai, director general of the Foreign Trade Department, said that under a contract signed on Tuesday, 30 per cent of the cost would be financed by counter-trade.

The purchase was worth Bt(baht)5 billion. Giat Industries agreed to counter-trade worth Bt1.5 billion through its agent, Centrobank of Australia.

Thailand aimed to sell Centrobank frozen chicken, rubber and rubber products, tapioca and tapioca starch, plastic products, ceramic products, shoes, baby toys, clothing, rice, canned pineapple, frozen shrimp, cooler and car parts and machinery, he said.

These products could be exported only to new markets, not to existing Thai overseas markets, to prevent a decline in demand for Thai goods in the traditional market and to promote Thai products in new markets.

Pracha said four other contracts involving counter-trade were pending, including the purchase of a helicopter carrier ship for the Navy.

The department had entered contracts for counter-trade totaling Bt7.34 billion and involving 15 projects since 1994, he said.

Thailand: Mujahideen Said Recruiting Youth in South

BK0808135196 Bangkok DAILY NEWS in Thai
8 Aug 96 pp 1, 15

[Unattributed report]

[FBIS Translated Text] On 4 August there were a series of bomb explosion at school buildings in the Rangae District and at the site of a high power transmission pole in the Sungaipadi and Muang Districts of Narathiwat

Province. No messages or any evidence were left at the sites of incidents for the authorities to trace back to the responsible culprits.

On 7 August, Police Major General Thammanun Thapkilao, police superintendent of Narathiwat Province, told reporters that the police authorities were still conducting investigations into the bombing incidents. No evidence has been collected except two documents claiming that the "PULO" (Pattani United Liberation Organization) was responsible for the blasts. The provincial police chief disclosed that the general situation in Narathiwat is normal, not serious as reported by the mass media, adding that the culprits would soon be arrested.

After visiting a number of schools in three districts, Pranom Wannawong, director of Narathiwat Province's Primary Education Management Office, told reporters that all schools in the province, including the areas where the bombing incidents took place, are open as normal. Teachers showed no sign of panic toward the incidents.

An official intelligence source in Surat Thani Province has disclosed that the bombing incidents at the two schools were the work of PULO members while the explosion at the high power transmission pole was believed to be carried out by another group, known as the Mujahideen (holy warriors), of terrorists and gunmen operating in the three southern provinces. A new band of terrorists, calling themselves the "Pattani Mujahideen Group," is now launching mass mobilization campaigns and recruiting youths as new members in the southern provinces. A large number of youths in the Yingo, Bacho, and Si Sakhon Districts of Pattani Province were reported to have joined them.

The recruitment is being conducted openly inside Malaysia. Thai youths living in that country are enrolled as new members after paying a 50 baht application fee. Members will not be arrested by the Malaysian authorities even if they enter the country illegally. As a result of the new wave of terrorism, an executive of a five-star hotel in Narathiwat Province disclosed that over 10 groups of some 400 tourists from the central region have canceled their trips to the province. The hotel business has lost over one million baht in revenue within a period of two weeks.

Police General Phot Bunyachinda, director general of the Police Department, said terrorist groups were striving to do something they could regard as their achievements to justify their request for financial support from foreign countries. The Police Department has assigned Police General Chumphon Arthasat, deputy director general of the department, to look after the situation

and work closely with the military to arrest the responsible culprits. The police director general said there was nothing to worry about regarding the general situation in the southern region because so far nobody has been killed or wounded.

Meanwhile, Deputy Prime Minister General Chawalit Yongchaiyut said violent incidents always take place frequently as the government is considering various issues. There were many factors that should be considered before jumping to any conclusion. He said he was confident that there would be a lot of good news for the south in the next few days. The government is trying to restore peace in the region. Nobody should listen to unsubstantiated assumptions or allegations against any particular groups. This kind of development is normal for the south.

Vietnam

SRV: Foreign Ministry Condemns U.S. Sanctions on Iran, Libya

BK0808031396 Hong Kong AFP in English
0244 GMT 8 Aug 96

[FBIS Transcribed Text] HANOI, Aug 8 (AFP) — Vietnam, which spent two decades under a US trade embargo, said Thursday that American sanctions against Iran and Libya had violated the United Nations charter.

"Like many countries, Vietnam has said many times that economic sanctions do not conform to norms of international relations, to the United Nations charter or to the spirit of the World Trade Organisation," a foreign ministry spokesman said.

Vietnam has been a frequent critic of US sanctions against Cuba, Iran, Iraq and Libya, all close allies of Hanoi, and often calls for the lifting of the measures.

The US measures will affect companies that invest more than 40 million dollars a year in the countries. No Vietnamese firms would be hit by the measure.

Washington only lifted its trade and investment ban on Vietnam in February 1994. The ban was often blamed for Vietnam's poverty after the end of the war in 1975 although most economists say it had little impact and Hanoi's own socialist policies caused the disastrous decline in the economy.

SRV: Anthony Lake's Visit to MIA Excavation Site Reported

BK0708095796 Ho Chi Minh City THOI BAO KINH
TE SAIGON in Vietnamese 18-24 Jul 96 p 7

[Report by Le Hung Vong: "Escorting the U.S. Government High-Ranking Delegation to an MIA Excavation Site"]

[FBIS Translated Text] "I have been told that cooperation on the MIA issue is very good, and I value highly the outcome of this cooperation," Mr. Anthony Lake, adviser to the National Security Council of the U.S. president, stated at a MIA excavation site in Huong Hoa district, Quang Tri province on 13 July.

The excavation, code name 1372, is part of a \$20-million project aimed at the realization of a most comprehensive report on POW/MIA cases in Indochina. The site was discovered and reported to the MIA joint task force by local residents in July 1994. After the investigation and survey stages, excavation work started on 8 July 1996 [date as published].

The delegation led by Doctor Lake was the highest-ranked U.S. Government delegation to visit an MIA excavation site. The purpose of Mr. Lake's visit was to assess the results obtained so far in the realization of a most comprehensive report on POW/MIA. He also held discussions with Vietnamese leaders on opportunities to develop bilateral economic and diplomatic relations.

At the site, Mr. Lake observed about 60 people, including 12 U.S. citizens and 10 Vietnamese directly involved in the joint task force, working with local residents to conduct their work diligently under difficult conditions. After one year of hard work, they found debris of a UH-1H airplane of the U.S. Army, and remains of seven people (six U.S. citizens and one Vietnamese), who were passengers on the plane.

Mr. Mitchell Scheiter, an American working on the task force reported that they had collected pieces of bone and teeth, and personal things, such as insignia, belt buckets, and so forth, from the victims. He also reported that the airplane was downed in about 1969, but that the cause of the crash has not yet been confirmed. Having served in the army for 18 years, Mitchell Scheiter said that he was lucky, because he was too young to go to Vietnam during the war.

Regarding Vietnamese-U.S. relations in MIA issues, Mr. Lake confirmed that the relations are fine. Mr. Lake also asserted that the continuation of this work is very important for the U.S. president as well as people. "I am pleased that Vietnamese leaders will continue

cooperating with the U.S. Government, as well as with Vietnam's unilateral activities."

"These efforts are the products of human nature. The issue is of extreme importance for many families throughout the United States. On behalf of the United States and its people, I thank you."

Mr. Lake held that the escalation of joint activities like these should occur more in U.S.-Vietnamese relations, and that eventually the two sides will trust each other more and more. He asserted: My job here is to provide evidence that the U.S. Government will continue its relations with Vietnam, both in the present and in the future. We have very important and common economic interests. The two sides will work together to solve the issues of the resettlement of the boat people, the fight against drug trafficking, and so forth."

Responding to questions from a correspondent of THOI BAO KINH TE SAIGON, the only Vietnamese journalist present at the excavation site, Mr. Lake said that after results are obtained in the MIA search, there will be new steps to take, but the steps will not necessarily come in order, one after another. The two sides have already discussed the next steps in the economic relations between the two countries, for instance the measures to solve the resettlement issue for boat people and people who want to migrate to the U.S., and the direction for building diplomatic relations. In general, there are many issues ahead and they are all important.

During a meeting with the Vietnamese members of the MIA joint task force in Quang Tri, Mr. Lake suddenly spoke in Vietnamese with the accent of the central region: "Thank you, gentlemen. Thank you very much."

Mr. Lake revealed that he studied Vietnamese before and had served as a diplomat in Vietnam during 1963-65, including one year as U.S. consul in Hue City. That was why he stopped to see Hue for several hours before leaving Danang for Ho Chi Minh City.

During his Vietnam visit, Mr. Lake also met with Party General Secretary Do Muoi (12 July in Hanoi), President Le Duc Anh (13 July in Danang), and Prime Minister Vo Van Kiet (13 July in Ho Chi Minh City). In his meeting with Truong Tan Sang, secretary of the Ho Chi Minh City Party Committee, Mr. Lake said he hoped a U.S. company would win the bidding to upgrade Tan Son Nhat Airport, and that direct flights between Ho Chi Minh City to the United States would soon be realized in order to further develop economic relations between the two countries.

SRV: Development of Vietnam-Thailand Relations Viewed

BK0808102196 Hanoi Voice of Vietnam in English
1000 GMT 6 Aug 96

[Radio commentary]

[FBIS Transcribed Text] Vietnam and Thailand have celebrated the 20th anniversary of the establishment of their diplomatic relations. The relationship between the two countries has improved greatly in the last two decades and is now stable and positive. Here is our radio comment:

Vietnam and Thailand established diplomatic relations on August 6th, 1976 but it wasn't until 1991 when the conflict in Cambodia was settled before relations between the two countries really began to develop. It has been in economic and cultural matters that most developments have been seen. The two countries have signed many important agreements covering trade, economic, scientific, and technological cooperation, airline services, and double tax avoidance. Turnover between the two countries last year reached \$509 million, doubling the figure of the previous year. The two countries have agreed to increase their trade turnover to \$1 billion next year. By the middle of this year, Thailand has 67 investment projects in Vietnam, now ranking 13th among 56 countries investing in Vietnam.

The development of relations between the two countries constitutes an enthusiastic atmosphere for the 20th anniversary of diplomatic relations. The Thai media have run many articles praising the relations between the two countries. THE BANGKOK POST last weekend quoted a spokesman for the Thai Foreign Ministry as saying that Vietnam's stability has a direct impact on Thailand. Meanwhile, Thailand, a beautiful country with a traditional culture and developed economy, has been an encouragement to Vietnam. Vietnam has learned many useful experiences in economic development from Thailand to apply in its own renovation process.

Though there are many issues to be solved such as the overseas Vietnamese issue and delineation of the continental shelf, it is beneficial that the two sides are willing to solve all existing issues by peaceful negotiations.

The past 20 years have been a significant builder for the development in relations between the two countries. In an interview with the Thai Nation Television, Mr. Pham Van Dong, adviser to the Central Committee of the Vietnam Communist Party, said: Vietnam and Thailand have built a foundation of friendship and mutual understanding and have set an example of

peaceful coexistence among countries with different political systems.

SRV: Korean Supervisor Sentenced for Defaming Workers

BK0708125096 *Hanoi LAO DONG in Vietnamese*
3 Aug 96 p 1,7

[FBIS Translated Text] The Ho Chi Minh City People's Court on 31 August tried Mrs. Jang Mi Baek (name as published; in the referent report, her first name was rendered as "Tang") (a Korean citizen working for the Sam Yang-Viet Nam garment company) on charge of "defaming other people". The defendant was given a 3-month (suspense) prison sentence with a 12-month trial period for the above offense.

As was reported in Issues Nos. 39/96 and 94/96 of the Journal LAO DONG, after being blamed by Mr. Soo (director of the [Sam Yang] garment factory) for failing to prevent workers from turning out defective shoes and discarding their defective products into a trash can, on 27 March 1996 Jang Mi Baek rounded up 15 Vietnamese team leaders and two female South Korean technicians and got all of them to stand in an arc in front of her. She then used the upper part of a shoe to hit the faces and shoulders of all the 17 workers present. This led to two team leaders passing out because they were overcome with humiliation. At the court, Jang Mi Baek—the defendant—confessed to having committed these brutal acts. She repeatedly apologized to the Vietnamese workers concerned and asked them for their forgiveness. Mr. Trinh Cong Tam, a representative of the Ho Chi Minh City Organ of Control, who acted as a prosecutor at the trial, said: "Although the Sam Yang company has sent a memorandum arguing that the beating of personnel by the accused was just a personal issue, the company's board of directors will be held responsible for that incident. The beating of the 15 Vietnamese workers by Jang Mi Baek constituted a violation of their human rights, as already stipulated in the constitutions of Vietnam and other countries. On being allowed to speak before the jury went inside for deliberation, Jang Mi Baek tearfully said: "I apologize to the Vietnamese friends." This is the first time in

Ho Chi Minh city that an act of defaming Vietnamese workers has been put on trial.

SRV: British Development Aid for Vietnam Viewed
BK0408073396 *Hanoi Voice of Vietnam in English*
1000 GMT 31 Jul 96

["Essay" by unidentified station editor]

[FBIS Transcribed Text] Vietnamese and British Governments last weekend signed a framework agreement on preferential financial agreement worth \$80 million. It is the third official development aid from the United Kingdom for Vietnam to build the infrastructure and develop its economy. Our editor gives more details:

According to the External Economic Department of the Ministry of Planning and Investment, both sides have elected four projects to be submitted by this stage. They include the Binh bridge in the port city of Haiphong, the Bai Chay bridge in the northeastern province of Quang Ninh, the coastal communications network in service of navigation and sea survey, and the restoration and upgrading of a water supply system in the central province of Quang Ngai. These are important projects facilitating economic development on coastal regions.

The agreement reached between the governments of Vietnam and the United Kingdom is the third British official development aid to Vietnam. Moreover, it also opened up other opportunities for cooperation development programs between the two countries, contributing to promoting economic relations.

On this agreement, Mr. Peter Williams, British ambassador to Vietnam, said: it was the document of special importance as it is now the third international agreement signed following the eighth national congress of the Communist Party of Vietnam.

Since 1994, Great Britain has granted aid worth \$16 million to 13 technical assistance and training projects. It is the first country in Europe to give direct investment in Vietnam with 18 projects capitalized at 480 million dong.

Australia

Australia: China's 'Attack' on U.S.-Australian Ties Noted

BK0808061296 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 8 Aug 96

[Article by Mark Baker in Kuala Lumpur: "China Launches Double Attack" — received via Internet]

[FBIS Transcribed Text] The Australian Government has been caught in a fresh foreign policy row after a double-barrelled attack by China on Australia's upgraded defence alliance with the United States and plans for a senior Cabinet minister to visit Taiwan.

The official Chinese media has attacked last week's defence agreement with the U.S., claiming Australia is being used as part of a continuing Cold War strategy to contain China and reinforce America's global military dominance.

And in a separate attack late yesterday the Chinese Foreign Ministry accused the Howard government of breaching the "one China policy" by approving an unofficial visit to Taiwan next month by the minister for primary industries, Mr. Anderson.

The attacks come less than a month before the foreign minister, Mr. Downer, and the deputy prime minister, Mr. Fischer, are due to visit China and they follow recent tensions over the cancellation of special funding for Chinese aid projects.

Mr. Downer was forced to defend the government's position on both issues during the opening day of his first official visit to Malaysia.

He said that the Chinese foreign minister, Mr. Qian Qichen, had raised no objections to the new U.S.-Australia security pact when he foreshadowed it during a meeting in Jakarta two weeks ago.

Mr. Downer reaffirmed the government's stand that Taiwan is an integral part of China, but said a number of ministers in the previous Labor Government had made unofficial visits to the breakaway island state.

A signed editorial in the PEOPLE'S DAILY yesterday quoted the U.S. defence secretary, Dr. William Perry, describing Japan and Australia as the northern and southern anchors of America's regional security strategy.

"From this we can see that the United States is really thinking about using these two 'anchors' as the claws of a crab," the editorial said.

"The recent movements by the U.S. in Australia show that the Cold War thought process has not changed

much in the minds of some people who still hope to play the role of global policeman."

Mr. Downer attempted to play down the Chinese reaction yesterday as a mere "newspaper report". But THE PEOPLE'S DAILY is the official mouthpiece of the Chinese Communist Party and has long been used to telegraph China's diplomatic punches.

Mr. Downer denied Australia was seeking to contain China. But he said Canberra was committed to the U.S. alliance and claimed there was "overwhelming" regional support for continued U.S. military engagement in Asia.

Mr. Downer said he had emphasised to both the Chinese and the Americans that the new defence arrangements did not mean Australia supported a policy of containing China: "We think it is fundamentally important to the future security of the region that China is fully engaged."

Mr. Downer said there had been no policy change on Taiwan, but Australia, like many other countries, had important unofficial trading links with the Taiwanese.

"We have considerable trade with Taiwan and that trade has implications for the living standards of Australian people and for jobs in Australia," he said.

Australia: PRC Complains About Anderson Planned Taiwan Visit

BK0808104496 Melbourne Radio Australia
in English 0630 GMT 8 Aug 96

[From the "Pacific Beat" program]

[FBIS Transcribed Text] Australia's Foreign Minister Alexander Downer has dismissed official complaint lodged by China over the planned visit to Taiwan by Australian Primary Industries Minister John Anderson.

Speaking in Kuala Lumpur on an official visit to Malaysia, Mr. Downer said the Taiwan visit will go ahead and given the sensitivity the protest from Beijing was expected. The official complaint by China came just one day after a commentary in the official Communist Party newspaper, THE PEOPLE'S DAILY, attacked Australia's new security pact with the U.S. It also questioned Australia's commitment to Asia.

Katherine McGrath reports from Kuala Lumpur, the controversy has followed Mr. Downer to Malaysia.

[Begin recording] [McGrath] Alexander Downer says the trip by John Anderson will go ahead. He says Taiwan is an important trading partner and visits like that are essential.

[Downer] Taiwan is an economic partner of Australia. He will visit Malaysia and other countries in the

region. We do have some contacts with Taiwan and an Australian minister, I think it was Senator McMullan, who visited Taiwan not all that long ago and Mr. Anderson as a primary industries minister will do so. There has actually been no implications whatsoever for our one-China policy. We remain absolutely committed to the one-China policy and [words indistinct] of that one-China policy.

[McGrath] But the Chinese aren't convinced. An official complaint has been lodged with the Department of Foreign Affairs in Canberra. The Chinese Foreign Ministry said the visit to Taiwan by such a senior minister is totally unacceptable and has also questioned Australia's commitment to the one-China policy. Primary Industries Minister John Anderson is due to lead a trade delegation of 100 business people to Taiwan in early September. The timing is seen as provocative coming straight after Mr. Downer's first visit to China as foreign minister. Speaking in Kuala Lumpur, Mr. Downer played down the criticism by the Chinese. He said given the sensitivity, he expected the complaint to be lodged.

[Downer] The Chinese have raised this with the Department of Foreign Affairs in Canberra and that is not surprising. I understand it was the practice under the previous Australian Government when ministers on one or two occasions (?paid state visits) to Taiwan.

[McGrath] But this issue is beginning to damage the government. Here in Malaysia, it has taken attention away from a crucial series of meetings. A big problem for Australia is that China is now concerned about four issues, the cancellation of DIFF [Develop Import Finance Facility], the new security agreement between Australia and the U.S., the planned visit by the Dalai Lama, and now the trip by Mr. Anderson to Taiwan. Mr. Downer however remains committed to Mr. Anderson's trip.

[Downer] And the fact is that we do have very considerable economic links with Taiwan. There were ministerial visits under the previous government as we are not making any change to the policy of the previous government in relations to either one-China or a visit by a minister to Taiwan.

[McGrath] But with Mr. Downer's visit to Beijing now only weeks away, it's clear that the official view coming from China is that it is clearly unhappy with Australia's recent performance. [end recording]

Australia: Fischer Reassures China on Commitment to Asia

BK0708021996 Melbourne Radio Australia in English 0100 GMT 7 Aug 96

[FBIS Transcribed Text] Deputy Prime Minister Tim Fischer says Asia will remain Australia's top trading and foreign affairs priority. Mr. Fischer's comments follow criticism by China's Communist Party of the new security pact between Australia and the United States.

A communist party commentary has questioned the coalition party's commitment to the Asian region, suggesting Canberra appears intent on improving relations with Washington at the expense of Asia. China has also expressed concern at the government's scrapping of the soft loan scheme known as DIFF [Development, Import, and Finance Facility].

Mr. Fischer said it should be remembered the coalition has decided to reinstate \$50 million of DIFF projects. He said he and the foreign minister, Alexander Downer, will build on Australia's relationship with China when they visit Beijing later this month.

Australia: Editorial Criticizes Suharto's Handling of Megawati

BK0708060196 Sydney THE SYDNEY MORNING HERALD in English 7 Aug 96

[Editorial: "Risky Gambit" — received via Internet]

[FBIS Transcribed Text] Instead of backing off and attempting to create a situation which would allow an accommodation with Megawati Sukarnoputri and the political forces she represents, President Suharto has pressed on with confrontation. The mere fact that she was subpoenaed for questioning about the rioting which took place in Jakarta the weekend before last has ensured that her political importance as an antigovernment leader will increase. By allowing Mrs. Megawati to be harried in this way, President Suharto has heightened the risk of more serious clashes between government forces and her supporters. Whether or not he formally approved the move to question her, the immediate effect of the subpoena has been to demonstrate President Suharto's intention to silence her.

President Suharto's confrontational approach might make some sense if it had a strong chance of success. But it does not. A policy of repression is bound to inflame an already dangerous situation and to set in motion events most likely to undermine President Suharto's chances of remaining in control of events.

By insisting on questioning Mrs. Megawati about the "free speech" rally which preceded the assault on her

party headquarters and the resulting riots, the authorities — including, by extension, President Suharto himself — have set themselves up for humiliation. It is true that Mrs. Megawati, having been replaced as leader of the Indonesian Democratic Party (PDI) by new leaders installed by the government, has, with her supporters, been defying the government. But their "free speech" rally was approved by the military.

A misguided policy of hounding Mrs. Megawati — and so making her an even stronger focus for discontent — has the potential to damage Indonesia's international position. Every turn of the screw against Mrs. Megawati concentrates the world's attention a little more closely on Indonesia's less than perfect human rights record, its limited democracy and the nepotism which blights the otherwise remarkable economic progress achieved in President Suharto's time. There is a fairly large margin of tolerance for such negatives on the part of international business. But it breaks down when an increasingly repressive regime goes so far as to push a country into conflict and instability. That is what President Suharto should bear in mind before he presses Mrs. Megawati too hard.

Australia Plans Steps To Protect Car Industry

*BK0408110496 Melbourne Radio Australia
in English 0500 GMT 4 Aug 96*

[FBIS Transcribed Text] Australia's Federal Industry Minister John Moore says the government will take steps to ensure the Australian car industry has continued fair access to regional markets while tariffs are being reduced. Mr. Moore says the government is committed to meeting the Asia-Pacific Economic Cooperation forum target of zero tariffs by the year 2010, but says there may be some special exemptions. He says a special case will be made by the car industry before the Productivity Commission, with judgments on tariffs being made on the basis of reciprocal market access. Mr. Moore says tariff reduction has broken down in the past because many Asia-Pacific countries have maintained a higher level of trade protection than Australia.

[Begin Moore recording] In the consequence and that in the future, what I'd like to see is that give ups in tariffs in Australia are equal by give ups in tariffs in other countries where we are trading with and where particularly access to market, because if you can't get access to market then you've completely wasting time. [sentence as heard] [end recording]

Australian Trade Official: DIFF Impact Claims 'Exaggerated'

*BK0608054496 Melbourne Radio Australia
in English 0100 GMT 6 Aug 96*

[FBIS Transcribed Text] Australia's Department of Foreign Affairs and Trade says the abolition of the foreign loan scheme won't hurt Australia's relations with East Asian recipient countries — China, Vietnam, the Philippines, and Indonesia.

The Development, Import, Finance Facility, or DIFF, was set up to provide cheap, long-term overseas loans for Australian companies to be employed in development projects. The department told the Senate Inquiry the scheme was only one aspect of Australia's aid program, which was just one element of each bilateral relationship.

The deputy secretary of the department, Joanna Hewitt, says two-thirds of the scheme funds were awarded to just 10 companies.

[Begin Hewitt recording] While the impact on the companies will certainly be noticeable, this is not the same thing as impact on the Australian economy. The amount of money involved is small in relation to the size of the Australian economy as a whole, and while it is a difficult judgment to make, we tend to regard claims about the positive impact of DIFF on our export and current account deficit as exaggerated. [end recording]

Australia: 'Narrow Approach' to Trade, Human Rights Viewed

*BK0808043596 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 8 Aug 96*

[Editorial: "Looking Past Trade Gains"]

[FBIS Transcribed Text] There is increasing evidence that the federal government and its official advisers are taking an excessively narrow approach to what, in the international context, constitutes Australia's best interest. In particular, their emphasis appears to be firmly focused on trying to maximise immediate trade gains without tempering this with sufficient concern for other key goals.

The AUSTRALIAN FINANCIAL REVIEW has, on a number of previous occasions, noted how one issue - that of human rights - appears to be quickly shunted aside whenever it threatens to impact adversely on Australia's trading relations. The federal government's failure to criticise the recent excessive use of military force against civilians in Indonesia is the most recent example. The failure by both this government and its

predecessor to publicly support Taiwanese democracy against China's attempted intimidation is another.

The latest example is Australia's decision, as reported in this newspaper today, to object to the European Union's push to include, as part of a new framework agreement on trade and cooperation, a clause pledging compliance with the United Nations Universal Declaration of Human Rights.

Australia's approach, while containing some logic, is unfortunate for two reasons. First, by failing to stand up and be counted on key issues of principle Australia undermines its moral authority, especially in its own region. Our chance of having influence when it really matters is thus significantly reduced. Second, our failure to do more to promote human rights suggests we either do not properly understand, or aren't prepared to support, the wider diplomatic game being played out in the international arena.

A key aspect of this is the intertwining of human rights and trade as one way of attempting to achieve two of the more important goals of contemporary international politics - the prevention of terrorism and the full-scale integration of China into the international economy.

In its simplest form, this linkage has the potential to put pressure on countries such as Iraq and Iran, the two major sources of funding for terrorists, to behave differently. Trade sanctions are the weapons that can force this change; human rights are the justification for using them. Significantly, the push for greater human rights, backed by trade sanctions, has the potential eventually to produce regimes in these two countries that show a much greater concern for civilised behaviour, including the rejection of terrorism as an arm of international politics - an end result that Australia, as host to the 2000 Olympics, should be particularly keen to see eventuate.

In the case of China, the crucial need is to ensure it embraces the rule of law - a necessary, if not

sufficient, condition to ensure societies respect human rights. By building a human-rights dimension into all trade agreements the structure is put in place which provides the West with the ability to put pressure on the Chinese regime to reform itself.

Most important from the trade perspective is the fact that such an approach will maximise the chance that China will begin to respect the rule of law as it applies to business dealings, something it certainly isn't doing at the moment with copyright. Unless it makes this sort of change the chance of fully integrating +China into the international community will be slim.

All this has important implications for Australian diplomacy and trade negotiations. In particular, it is vital that we accept the need to publicly embrace a commitment to promoting human rights, such as those the European Union wants to have inserted in the new framework agreement with Australia. Only by including such a commitment in virtually all trade agreements will it be possible to apply them where they are really needed - in the fight against terrorist regimes and the attempt to bring China more fully into the international community. Yes there are reasons to be wary about such apparently extraneous issues being linked to trade. Possibly the most important is the risk of agreements which supposedly promote free trade being subverted by the introduction of conditions, such as spurious environmental standards, which can be used to achieve de facto protection from low-cost countries.

However, while this is a genuine risk, it should be possible to give it due weight without, at the same time, ignoring both the intrinsic importance of promoting human rights and the wider international agenda such promotion can help to serve.

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